

CURRENT *History*

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NOVEMBER 1965

UNITED STATES AID IN ASIA

THE U. S. AID PROGRAM IN ASIA	<i>David E. Lockwood</i>	257
INDIA AND PAKISTAN: THE MAJOR RECIPIENTS	<i>Norman D. Palmer</i>	262
THAILAND, LAOS & CAMBODIA: A DECADE OF AID	<i>Alvin Roseman</i>	271
THE PHILIPPINES: A UNIQUE EFFORT	<i>John F. Melby</i>	278
JAPAN'S ROLE IN SOUTH ASIA	<i>Theodore McNelly</i>	284
AMERICAN AID TO VIETNAM	<i>Wesley R. Fishel</i>	294

REGULAR FEATURES

MAPS • <i>The Far East</i>	259
<i>India and Pakistan</i>	269
<i>Japan</i>	287
<i>Vietnam</i>	297
BOOK REVIEWS	300
CURRENT DOCUMENTS • <i>Johnson on Southeast Asian Aid</i>	303
THE MONTH IN REVIEW	309

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The December, 1965, issue of *Current History* will be the first of a two-issue survey of recent development in South and Central America. In this issue our readers will find up-to-date background on current affairs in six of the South American nations and informed evaluation of the role these nations now play in the Western Hemisphere and in the wider world arena.

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CURRENT History

NOVEMBER, 1965

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How successful is the United States program of foreign aid in Asia? Here, six specialists evaluate the program in terms of the needs of the Asian recipients and of the overall United States policy aims. As our introductory article points out, "Other parts of the underdeveloped world are already several steps ahead of Asia in regional development activities." Special problems of the area include "an extraordinary diversity of culture, race, geography, language and religion" plus "political rivalries." Nonetheless, this article cites evidence that United States efforts to promote regional cooperation are succeeding.

The U.S. Aid Program in Asia

By DAVID E. LOCKWOOD

Analyst in Far Eastern Affairs, Legislative Reference Service, Library of Congress

IN THE PRESENTATION to Congress of its proposed foreign aid program for the current fiscal year, the Administration pointed, with some evidence of pride, to a significant shift in the proportions of military and economic assistance. It was revealed that ten years ago two-thirds of our funds were allocated to military defense and one-third to economic development. Today those proportions have been reversed with two-thirds of our foreign aid expected to go toward developing the economies of countries around the world.

The recent realignment in the United States assistance program is not, however, reflected in the Far East¹ where particular needs necessitate military spending on a scale similar to that of a decade ago. A bitter and costly war, in which the United States is deeply involved, is being waged against Communist-led guerrillas in South

Vietnam. The threat of Communist penetration, in one form or another, also exists in Laos and South Korea. These three strategic countries, whose continued independence is considered crucial to the long-range security of the United States, will receive almost three-fourths of the \$582 million in military aid we plan to spend in the Far East in 1965-1966.

The amount of economic assistance the United States will be directing to the Far East this year is given as \$390 million, which is somewhat lower than the sum spent in the preceding year. The reduction has been explained in hearings before a subcommittee of the House Committee on Appropriations as largely due to four factors. These are: an anticipated cut in supporting assistance to Korea, the virtual suspension of new aid to Burma, the completion of the Taiwan program, and the suspension of new aid obligations to Indonesia.

In testimony by the Director of AID (Agency for International Development),

¹ According to the United States Department of State, the Far East includes, among others, the countries often referred to collectively as Southeast Asia.

David E. Bell, it was pointed out that the Administration's request might have to be increased if additional supporting assistance for South Vietnam became necessary. That need has already arisen and new funds have been provided, with the result that the Vietnamese government will be receiving more than half of all United States economic assistance to the Far East. Three countries—South Vietnam, Laos and South Korea—are expected to receive almost 95 per cent of the total economic assistance for that part of the world.

According to official spokesmen, this concentration of funds, both economic and military, is indispensable to the survival of these countries, whose combined revenues are said to be considerably less than the money Americans spend on tickets to go to the movies.² South Vietnam, Laos and South Korea occupy positions on the front lines of the free world's defense against Communist expansion and control in Asia. Their defense and development is an undertaking which their economies cannot sustain without large-scale American assistance.

PLANS FOR ASIAN DEVELOPMENT

While our foreign aid program in the Far East is weighted heavily on the side of military spending, an effort has been made in recent months to achieve a greater equilibrium by increasing economic assistance to the area. A substantial part of this increase will be channelled, not to individual governments, but to regional development organizations. On March 25, 1965, President Lyndon Johnson issued a statement expressing United States interest in supporting "wider and bolder programs" for economic and social cooperation in Southeast Asia. This was followed on April 7 by the President's important speech on foreign policy delivered at Johns Hopkins University. With the dra-

matic initiative that has become characteristic of his administration, the President described United States peace aims in Southeast Asia, pledged \$1 billion to a massive regional development effort, and announced the appointment of Eugene Black, former president of the World Bank, as his special representative for Asian development.

The first requirement in moving toward this regional concept, President Johnson insisted, was for the countries of Southeast Asia to associate themselves in a greatly expanded cooperative effort. He included reference to Communist North Vietnam and voiced the hope that it would participate in the plan as soon as there was peace. He also called upon other industrialized countries, including the Soviet Union, to contribute generously and to help enrich the lives of more than a hundred million people.

To no one's surprise, President Johnson's proposal was angrily attacked and denounced by the Communist press around the world. According to the Chinese Communists, it was a crude attempt to lure the people of Southeast Asia into submission by offering them a bribe.³ The leaders in Hanoi answered the President by promising to pre-empt the struggle against the United States with greater intensity than ever before. The President's proposal, however, was clearly based on a broader and more realistic strategy than the Communists were willing to give him credit for in public. He recognized that, even while waging a fierce war against the Communists, there was need to start about constructing a more solid foundation for peace and progress in Southeast Asia.

RESENTMENT AND UNREST

The people of Southeast Asia have long lived in poverty, sickness and despair and inevitably, these conditions have created widespread resentment and unrest. Radical political groups, including the Communists, have preyed on the unrelieved grievances of these people. The purpose of President Johnson's proposal is to improve living conditions in Southeast Asia and thereby undermine the appeal of Communists and other

² See Rutherford M. Poats, Assistant Administrator, Far East, AID, in Hearings before a subcommittee of the Committee on Appropriations, House of Representatives, 89th Congress, 1st Session (Washington, D.C.: Government Printing Office, 1965), p. 1035.

³ *Peking Review*, April 16, 1965, p. 11.



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THE FAR EAST

advocates of violent revolution. It is hoped that in the long run these developments will eliminate the need for military action such as the war now being waged in South Vietnam.

The President's speech at Johns Hopkins University was hardly reported and discussed before the first steps were taken to inaugurate American participation in the regional development program for Southeast Asia. Special Assistant to the President McGeorge Bundy organized a small but high-level working group with representatives from State, Treasury, and other government departments. In AID, a new Office of Far Eastern Regional Development was established, headed by Thomas Niblock, who was also appointed to serve as Eugene Black's chief assistant.

HARNESSING THE MEKONG RIVER

The President's special representative, Eugene Black, immediately travelled to New York to confer with United Nations Secretary-General U Thant. Through Thant's initiative, a special meeting of the Mekong Development Committee was called in Bangkok, May 10-11, 1965. This Committee, formed under the auspices of the United Nations Economic Commission for Asia and the Far East (ECAFE) in 1957, has been working on projects to harness the Mekong River which flows through the heart of peninsular Southeast Asia.⁴

Six dams are currently under construction—two on the Mekong River itself and four on main tributaries. The Committee plans to build a series of dams for irrigation, electricity, flood control and navigation. In this way, the Mekong River will begin to serve the needs of over 20 million people and increase irrigated land in adjoining

areas by about 6 million acres. The most recent estimates indicate that the cost of the ambitious project will be at least \$2 billion and the time to completion about 25 years.

In past years the United States has not been a strong supporter of regional development in the Mekong River basin. Our contributions to the Committee as of January 1965, came to \$7.5 million, about one-ninth of the total resources contributed or pledged to the program.⁵ The sum suggested less than an enthusiastic endorsement of the Committee's work. After President Johnson's address at Johns Hopkins University however, there was an immediate and noticeable shift in the United States position.

At the May meeting in Bangkok, Thomas Niblock expressed increased United States interest in the plans to develop the area drained by the Mekong River. He announced that the United States was prepared to assist the Committee by granting \$13 million, or half the cost of their top priority Nam Ngum project in Laos. The building of a dam on the Nam Ngum tributary will provide electric power and irrigation in the region of Vientiane. It is also expected that a modest amount of electricity can be channelled to northeastern Thailand.

On June 1, President Johnson sent a special message to Congress asking for \$80 million in development funds for Southeast Asia.⁶ Included in the supplemental request was the money pledged to the Nam Ngum project in Laos. The largest single part of the request, however, was \$45 million to be used to help South Vietnam finance import of iron, steel, cement, chemicals, pesticides, drugs, trucks and other goods. These materials were needed, it was explained in testimony before the Senate Foreign Relations Committee, to maintain economic growth and avoid destructive inflation. South Vietnam's economy is showing the signs of stress from the punishment and privation of a long and bitter struggle.

On several occasions, the President has expressed the hope that the development of the Mekong River basin could be speeded to give the people benefits similar to those

⁴ Originally known as the Mekong Coordination Committee, it is composed of representatives from the four riparian nations: Cambodia, Laos, South Vietnam, and Thailand.

⁵ See *Putting the Mekong to Work—An International Undertaking*. Feature No. 14 (New York: U.N. Office of Public Information, Economic and Social Information Unit, March, 1965), pp. 11-15.

⁶ For the text of the President's Message to Congress, see *Current History*, page 303 of this issue.

that grew out of the Tennessee Valley Authority in the United States. His special concern for the work of the Mekong Development Committee is based on at least two important considerations. First, the land drained by the Mekong is the center of a racial conflict which feeds on the economic and social miseries of the people. There is reason to believe that helping the people improve their living conditions is at least as important as defeating the guerrillas in battle. In fact, the President has said that this is the only way that I know in which we can win."⁷

The second consideration is that an organizational framework, in the form of the Mekong Development Committee, exists and already has achieved some success in implementing a program of regional development in Southeast Asia. The relations among the four principal countries may be strained, but the Mekong basin activities continue without interruption. It has been pointed out that the Committee is the only agency in which the four countries regularly participate. Their cooperation, even in the face of political disagreement, has greatly encouraged the United States to support the Committee and its work.

AN ASIAN DEVELOPMENT BANK

Progress towards the establishment of an Asian Development Bank has also recently received the backing of the United States. The idea of the bank was discussed and accepted in principle at an ECAFE meeting in December, 1963. A committee of experts, appointed to consider the proposal, later issued an affirmative report, as well as a draft charter. At first, the United States government expressed a willingness to cooperate with the idea, but advised quite explicitly that it was "not considering"

membership. This came as a sharp disappointment to the Asians, especially the Japanese and Indians who have long urged the formation of a development bank for Asia.

The United States, however, reversed its position following President Johnson's address at Johns Hopkins University. It was announced that the United States was prepared to join the Asian Development Bank provided it were organized on a sound and satisfactory basis.⁸ Eugene Black was then invited by ECAFE to attend the meeting of experts which was scheduled to convene in Bangkok at the end of June. When he arrived, he indicated to the gathering that, subject to congressional approval, the Administration was prepared to grant \$200 million of the \$1 billion set as the goal for the bank's subscription capital. It was also announced that the United States would provide another \$100 million for a Southeast Asia Development Fund, if other countries would contribute to it. The Fund would be administered by the bank and would finance regional projects in Southeast Asia.⁹

Mr. Black made a point of stressing to the members of the special committee meeting in Bangkok that the United States government looked on the bank as a multilateral endeavor that should be Asian in character and run by Asians with largely Asian capital. This emphasis on regional leadership has been underlined on many occasions by the Administration. In the President's private talk with U.N. Secretary-General U Thant on June 26 at the San Francisco observance of the 20th anniversary of the signing of the United Nations Charter, they were reported

(Continued on page 305)

⁷ President Johnson, in his opening remarks at a news conference in Washington, D.C., June 1, 1965.

⁸ See address by President Johnson to the Association of American Editorial Cartoonists in Washington, D.C., May 13, 1965.

⁹ See White House press release on the report of the President by Eugene Black, Washington, D.C., July 10, 1965.

Before joining the Legislative Reference Service, David Lockwood earned his graduate degree at the School for Advanced International Studies in Washington. In addition to his work as an analyst for the government, Mr. Lockwood reviews books.

As this specialist sees it, "The plain fact is that massive foreign assistance for India and Pakistan for at least some years to come is absolutely essential if these two countries are to have any chance at all of continuing their slow uphill march toward national development and a more tolerable standard of living for their growing populations."

India and Pakistan: The Major Recipients

By NORMAN D. PALMER†

Professor of Political Science, University of Pennsylvania

IN THE TOTAL CONTEXT of the American foreign aid program, India and Pakistan occupy a position of special importance. They have been the major recipients of United States economic assistance, and both countries have been receiving military assistance as well. Their need for outside economic assistance is great and continuing, not only because they have the largest population concentration in the non-Communist world—as large as Latin America, Africa, and the Middle East combined—with standards of living that are among the lowest in the world, but also because they have made greater progress in economic planning and development than any other large underdeveloped nations. In terms of the Communist-non-Communist confrontation they are "front line countries," and much will depend on their degree of success in attempting to deal with their grave problems of national development, integration and survival without resorting to

totalitarian methods and controls. Their survival and development in non-totalitarian directions is clearly in the national interest of the United States. This point was underscored in the Clay Report in 1963—a report which was generally regarded as being rather critical of the foreign aid program, although it did recommend the program's continuance

In any review of front line countries, special attention must be given to India, even though it is not an ally. . . . India has recently proved . . . that it is determined to maintain its independence from Communist domination. Together with our ally, Pakistan, it is the only area of South Asia able to offset the Red Chinese colossus. Unless their freedom and economic growth continue, there can never be a balance of power in Asia and our own involvement in this area could be definitely and infinitely more costly.¹

The United States has provided the major share of the external assistance which India and Pakistan have received over the past 15 to 20 years. Foreign aid tends to overshadow all other aspects of the relations between the United States and these two South Asia countries, and thereby distorts the entire relationship. This is an unfortunate situation but there seems to be no escape from it for the foreseeable future. For both donor and recipients, foreign aid under existing circum-

† This article is based in part on the author's forthcoming book, *South Asia and United States Policy* (Boston: Houghton-Mifflin, January, 1966).

¹ *The Scope and Distribution of United States Military and Economic Assistance Programs*, Report to the President of the United States from the Committee to Strengthen the Security of the Free World (Washington, D.C.: Department of State, March 20, 1963), p. 8. Hereafter referred to as *The Clay Report*.

ances seems to be as necessary as it is undesirable.

Beginning with a wheat loan of approximately \$190 million in 1951, United States grants and loans to India for economic development have now exceeded \$6 billion in value. Economic aid to Pakistan, which started a few months later, has amounted to around \$3 billion. Military assistance to Pakistan dates from 1954, when the announcement of United States arms aid and the signing of a Mutual Security Agreement between Pakistan and the United States led Pakistan to veer to a policy of alignment, and aroused a storm of protest in India, which has never wholly abated. Until late 1962, India refused to accept military aid from any foreign source, holding that such a move would be hypocritical and would compromise its nonalignment policy. Nonetheless, the sharp and humiliating exhibition of its military weakness when the Chinese attacked in Ladakh and the North East Frontier Agency in October–November, 1962, compelled India to look to its defenses; thereafter it turned to friendly nations, Communist as well as Western, for military aid.

U.S. military aid figures for Pakistan are ossified; buried in each foreign aid appropriations act in the totals for the Near East and South Asia. This aid has taken many forms—weapons, supersonic aircraft, Sidewinder missiles, transportation and communications equipment, training and technical assistance—and has been substantial, even at artificially deflated prices. In all probability this aid has amounted to at least 1.5 billion. Emergency military aid to India following the Chinese attack was valued at 50 million, and continuing military aid since that time—mainly in the form of light weapons and communications and other equipment for Indian mountain divisions, engineering and road-building equipment, and cargo aircraft—probably runs to about 100 million a year. (In September, 1965, Indian officials in Washington stated that India had a commitment of \$200 million worth of military supplies, but that only 30 million worth had been delivered.)

About half of all American economic assistance to India and Pakistan has been in the form of grants and loans repayable in rupees under Title I of Public Law 480 (Agricultural Trade Development and Assistance Act of 1954). This kind of aid is offered more for human survival than for development. It has been necessary to enable the two countries to meet basic food needs—in a period of sluggish agricultural production and growing population—without being forced to pay for the bulk of the food imports with desperately short foreign exchange, which is badly needed to finance development imports. The next largest amounts of American aid have been in the form of development loans, now supervised by the United States Agency for International Development. Other important components of the aid program have been Development Loan Fund credits repayable in rupees and Export-Import Bank loans repayable in dollars. More than two-thirds of the aid has been loans rather than grants, ranging from hard loans by the Export-Import Bank to soft development loans, now usually extended for 40 years, at three-fourths per cent during a 10-year grace period and 2 per cent thereafter.

INTERNATIONAL CONSORTIA

A significant new development for multilateral economic assistance to India and Pakistan came into being in 1958 with the formation of international consortia, under the leadership of the International Bank of Reconstruction and Development. These consortia, popularly called the Aid India Club and the Aid Pakistan Club, are made up of the United States, Canada, the United Kingdom, Western Germany, France, Italy, the Netherlands, Belgium, Austria, Japan, and the World Bank and the International Development Association, a soft-loan affiliate of the World Bank. In recent years, members of the consortia have pledged annually over \$1 billion in grants and loans for the support of India's Third Five Year Plan (1961–1966) and about \$400 million for Pakistan's Second (1960–65) and Third (1965–1970) Five Year Plans. The United States has been

providing about 40 per cent of the total commitments, and the World Bank and I.D.A. more than 20 per cent. The commitments of the Aid India Club for 1963-1964, for example, totaled slightly over \$1 billion. Of this amount, the United States pledged \$435 million, the World Bank and I.D.A. \$245 million, West Germany \$99.5 million, the United Kingdom \$84 million, and Japan \$65 million. The most favorable terms have been offered by the United States and I.D.A. Through the consortia the United States has sought, with some success, to persuade other capital-exporting nations to increase their share of loans to India and Pakistan and to liberalize the terms of their assistance.

In recent years nearly 50 per cent of American aid to India and Pakistan has been given as non-project loans. For the fiscal year 1964, for example, the largest single development loan to India, for \$225 million, was a long-term, low-interest loan "to provide the foreign exchange necessary for the import of commodities and equipment in support of India's development efforts." A similar type of loan of \$100 million was extended to Pakistan "to finance the importation of approximately \$90 million of iron and steel products and approximately \$10 million of other specified commodities essential to the successful implementation of Pakistan's Second Five Year Plan."² Support was also given for a large number of specific projects, in fields as diversified as transportation and education. In his letter of transmittal to his annual report to the United States Congress on the foreign assistance program for the fiscal year 1964, President Lyndon Johnson singled out one project in India and another in Pakistan for specific mention. In India, "in an intensive effort to streamline the teaching of science and mathematics in order to develop higher skills among Indian youth . . . AID financed 44 six-week institutes at 34 locations in which 80 U.S. college and high school edu-

cators demonstrated modern teaching techniques to some 1,700 Indian teachers." In West Pakistan a development loan was extended "to expand the capacity of the railway system" and thereby to help the Pakistan Western Railway "to handle the increasing transportation load for the first time in several years."³

In developing and implementing the foreign economic aid program for India and Pakistan, a number of special problems have arisen, and few if any have been completely resolved. The following problems deserve special mention:

1. The relative amounts and priorities of aid allocations within and between India and Pakistan. The main problems in this connection are the selection of the kinds of projects or the areas of development for which assistance is to be given in each country, and the relative amounts of assistance to be made available to India and Pakistan. These are clearly sensitive issues, which can hardly be resolved entirely on economic grounds.

2. The soundness of the development programs, and the extent to which the United States should become involved in the planning process of each country. Obviously these considerations, too, are delicate, but the United States can hardly avoid them. I cannot, in good conscience, justify support of development programs with which it is unfamiliar, or which it regards as unsound.

3. The accuracy of the estimates of foreign exchange and foreign aid requirements. Both Indian and Pakistan have reached a stage of development where their needs for foreign exchange are particularly great—estimated at over \$6 billion for India during the period of the Third Plan and at around \$2.5 billion for Pakistan during the period of the Second Plan. Most of their foreign exchange needs have to be provided in the form of external assistance, representing about 20 per cent of total expenditures during India's Third Plan and nearly 50 per cent during Pakistan's Second Plan. These are substantial figures, and any donor nation will insist on making its own appraisals of the genuineness of the need for such sums.

² *The Foreign Assistance Program, Annual Report to the Congress, Fiscal Year 1964* (Washington, D.C.: U.S. Government Printing Office, 1964), pp. 79, 81-82.

³ *Ibid.*, pp. iv-v.

4. The relationship of the public and the private sectors. This is a "sore" point with many Americans, including many members of the Congress. As a country dedicated to the private enterprise system, the United States would like to encourage the development of the private sector and to discourage the encroachment of the public sector in the economic life of these countries. By its substantial assistance to the governments of India and Pakistan, it is in effect contributing to the expansion of the public sector, although at the same time it is trying to see to it that wherever possible its assistance shall go into private sector activities.

5. The support of particular projects which are unusually costly. Under the Indus Basic Development Plan, the United States made a major financial commitment to the development of West Pakistan, which may amount to considerably more than the approximately half billion dollars that were pledged in the original agreement of 1960. If the proposal to support the Bokaro steel project—which will be the fourth steel mill in the public sector in India—had been approved, the American commitment would probably have exceeded \$1 billion, over a period of years. Two other major examples of this kind relate to waterlogging and salinity in West Pakistan and urban development in India.

6. The appropriate forms, channels and conditions of aid. Under these headings would come such questions as loans or grants, soft or hard loans, bilateral or multilateral aid, and political or economic "strings" on foreign assistance. Recipient nations are particularly resentful of any kind of political "strings," and they object to certain economic conditions as well, such as project tying and country-of-origin tying conditions. Unless aid is extended either as soft loans or grants, developing countries experience increasing difficulties in meeting interest and service charges, not

to mention repayments of the principal of the loans as they mature. For India and Pakistan, the debt servicing problem has already become particularly severe.

7. The best ways to use the counterpart funds that have accumulated, mainly as a result of repayments in local blocked currency of old-style Development Loan Fund soft loans and especially of sales of surplus foodgrains under P.L. 480. By January, 1964, the blocked rupee holdings of the United States in India exceeded \$2.3 billion, the equivalent of one-fifth of India's total money supply, and the holdings are still growing. Most of these blocked funds are available to India or to Pakistan for development purposes, but for a variety of reasons both the United States and the two South Asian governments have been slow in agreeing on the use of these funds for development. Their release has to be made cautiously so that they will not lead to inflation, or upset the value of the rupee, or distort the development programs; but obviously some procedure must be found whereby the blocked rupees can be used more effectively and more rapidly.⁴

8. The political and social impact of assistance programs. By contributing massive amounts of aid under supervised conditions, the United States, consciously or unconsciously, is fostering political and social as well as economic change. It cannot therefore be indifferent to these broader aspects of its aid programs. This involves difficult standards of evaluation of program objectives and results, and exposes the United States to charges of intervention and imperialism especially in India and Pakistan where the aid infusion is so great and where resistance to change is even greater.

SOVIET AID

Next to the United States, the largest supplier of economic aid to India has been the Soviet Union which, like the United States, has given far more aid to India than to any other non-Communist underdeveloped country. Soviet aid has been slightly less than one-fourth the American figure, but it has been extended only since 1955. It has been

⁴ For an interesting and informed discussion of this problem see "The Phenomenon of Blocked Funds" in John P. Lewis, *Quiet Crisis in India: Economic Development and American Policy* (Washington, D.C.: The Brookings Institution, 1962), pp. 315-332. Professor Lewis is presently the director of the U.S. AID Mission in India.

largely in the form of loans, usually repayable in rupees or in commodities in 12 annual installments at 2.5 per cent interest, with payment to begin upon the completion of the projects for which loans were made. Emphasis is placed on impact projects, such as the huge Bhilai steel plant, a giant heavy machinery factory, and factories to manufacture MIG-21 jet fighters. Very few conditions or formalities are insisted upon, in marked contrast to the hesitant and more rigid American approach.

The United States is understandably concerned about the effects of large-scale Soviet aid upon India at this critical stage of India's economic and political evolution. It suspects the motives of the Soviet Union and it fears that economic aid may be the entering wedge for political penetration.

The total effect of the bloc aid effort, together with evidences of achievement by the bloc countries at home, is to enhance the image presented by the Communist bloc and increase the attractiveness of the Communist model to countries groping for a method of rapid economic and social improvement.⁵

The American attitude toward Soviet aid to India, involving as it does some causes for concern and an inevitable competition between the two giants of the modern world, should be a calm and sophisticated one. As the President's Task Force on Foreign Economic Assistance observed in 1961:

It is important that the United States, in its desire to offset these dangers, not engage in a frantic competition to outbid the bloc's offers of aid to seek to prevent countries from accepting aid that will help them. To react this way would involve us in waste, draw us into an undignified posture, and open us to the charge of not being sympathetic to the economic development of other countries except on our own political terms. The size and effectiveness of the Communist effort are reasons for concern and self-

examination but not alarm. They emphasize the need for the United States to make its aid as effective as possible, timely, vigorous, and responsive to short-term as well as long-term considerations. If we do these things and our actions are constructive and politically wise, the aid coming from the Communist bloc should not worry us.⁶

To the extent that Russian and other Communist bloc aid helps to further India's development efforts, it is something which the United States should certainly not oppose. In fact, in some respects it should welcome Soviet willingness to share the burden of foreign assistance to India, whatever the motives of the Soviet Union may be. Possible at this particular period, when the United States and the Soviet Union are unable to reach firm understandings on most issues in dispute between them, South Asia might provide in some small measure an area of agreement between them. If Soviet and American efforts can supplement rather than conflict with each other, even this limited experience in the promotion of mutual interests might be welcomed.

AID IMPACT AND NEEDS

No general conclusions can be reached regarding the effectiveness or non-effectiveness of foreign assistance to India and Pakistan beyond the obvious statement that while some aid has undoubtedly not been well used, the net impact has been definite and constructive. As much of the aid has been granted to support particular phases of the development programs, it can be evaluated only in relation to the value of the programs supported. Some has been allocated for purposes and projects which will have their full impact only in years to come. Some has been used for specific projects whose impact is visible and immediate. Some has gone for broad social purposes such as education, community development, and malaria eradication, the results of which cannot be measured precisely. Some, as has been pointed out, has had to be used for food imports.

Undoubtedly the full impact of American aid is not to be measured primarily by immediate and tangible results. It is difficult to

⁵ *An Act for International Development: Summary Presentation, June, 1961, Report of the President's Task Force on Foreign Economic Assistance* (Washington, D.C.: U.S. Government Printing Office, 1961), pp. 187, 189. Hereafter referred to as *Report of the President's Task Force on Foreign Economic Assistance*.

⁶ *Ibid.*, p. 189.

valuate the relative contribution of aid for some social purpose vis-a-vis support for a specific industrial project. Soviet aid to India, for example, has been devoted mainly to large impact projects in steel, oil and heavy engineering. American aid has also gone into large projects, but much of it has been devoted to more diffuse but perhaps more important social programs. In testimony before the Committee on Foreign Affairs of the House of Representatives in 1962, Ambassador J. K. Galbraith referred to this point by citing an arresting example:

One of the things we are doing in the south of India, the State of Kerala and the State of Madras . . . is to provide Public Law 480 funds through a school-lunch program for the children. This isn't a steel mill, or a heavy engineering plant, and it doesn't look like a very productive form of investment. I would go so far as to say, however, it is the best thing we do. It keeps the children in school because they come to school to get those meals. It is the finest form of truancy officer that you can possibly invent. At the next stage you have a literate population which can learn machine skills, which will be more responsive to the improved agricultural techniques which will be more productive.⁷

All over South Asia even a casual traveler can find tangible results of foreign assistance and technical cooperation, and astute observers will have no difficulty in finding evidences of intangible results which in the long run may prove to be the most important contribution of all.

C. L. Sulzberger, appalled by the grim figures of production and food supply in relation to population increase, has expressed the view that the vast sum of money which the United States is contributing to India every year in economic assistance is "to a large degree fruitlessly expended."⁸ On the other

hand, Barbara Ward, on the basis of a first-hand study of the Indian situation, reached the firm conclusion that foreign aid is not money "down the drain."⁹ The author of the present article, who has visited India and Pakistan many times and who has seen innumerable evidences of the use and misuse of foreign aid, agrees wholeheartedly with Miss Ward, at least as far as the major states of South Asia are concerned.

The plain fact is that massive foreign assistance for India and Pakistan for at least some years to come is absolutely essential if these two countries are to have any chance at all of continuing their slow uphill march toward national development and a more tolerable standard of living for their growing populations. Without such assistance, neither country can obtain the vitally needed foreign exchange for development imports or can hope to achieve the targets of the Five Year Plans.

During the period of the Fourth Five Year Plan (1966-1971), and perhaps for a much longer time, India will continue to need assistance at existing levels—over \$1 billion a year—or above, plus substantial quantities of food shipments, whose amount will depend on the monsoons and on the results of India's efforts to accelerate the sluggish pace of its agricultural production. According to a published report in late July, 1965, the American Ambassador to India, Chester Bowles, and the head of the AID Mission in that country, Professor John P. Lewis, have recommended that direct American assistance to India, now running at approximately \$450 million a year, be nearly doubled, on the ground that "the United States is not spending enough . . . to really make an impact on the vast problems facing India."¹⁰ Pakistan will likewise need at least the existing levels of economic aid—around \$500 million a year from all sources, not including U.S. food payments—during the period of the Third Five Year Plan, which began in mid-1965.

Fortunately, in spite of the efforts of some congressional hatchetmen, the prospects seem fairly bright that United States aid to India and Pakistan will continue at existing levels

⁷ *Foreign Assistance Act of 1962*, Hearings before the House Committee on Foreign Affairs, 87th Cong., 2d sess., March 29, 1962 (Washington, D.C.: U.S. Government Printing Office, 1962), p. 3.

⁸ "Foreign Affairs: The Second Threat in Asia," *The New York Times*, May 2, 1965.

⁹ "Proof It Is Not 'Down the Drain,'" *The New York Times Magazine*, April 23, 1961.

¹⁰ J. Anthony Lukas, "U.S. Aid Increase to India Urged," dispatch from New Delhi, July 20, 1965; in *The New York Times*, July 21, 1965.

or slightly above for the foreseeable future. The need has long been recognized. It has been pointed out by every postwar American President, and by almost every committee or commission which has studied the foreign aid program. In 1961, for example, the President's Task Force on Foreign Economic Assistance stated: "... we know that the loan support for such countries as India and Pakistan must continue at high levels for the immediate future if their efforts are to be successful."¹¹ And, two years later, the Clay Committee concluded that "in the interest of our own and free world security, economic and military assistance to India, as well as to Pakistan, must continue under present circumstances."¹²

Obviously the problems of India and Pakistan cannot be alleviated by foreign aid alone. Large as the aid program is, it is a small part of the total effort that is required, and the main burden must be borne and the main task accomplished by the peoples and governments of the two countries themselves. A typical view by a sympathetic American was expressed in March, 1965, by the President of the International Economic Policy Association in testimony before the Committee on Foreign Affairs of the United States House of Representatives:

... we, as well as the Indian Government, must face up to the fact that its problems are not going to be solved by massive foreign aid for an indefinite period of time. Population control, food production, vocational education, leadership training, and work, work, work, and the habit of work, and an appreciation by the Government that freedom of enterprise is as important in the economic program of the nation as the ability to put an 'X' on a piece of paper in the ballot box [are needed].¹³

In testimony before the same committee at about the same time Lieutenant General Bruce K. Holloway, Deputy United States

Commander in Chief, Middle East, Africa, South of the Sahara, and South Asia, called attention to the fact that both India and Pakistan are "forward defense countries"—that is, "countries which, due to their geographical proximity to the Soviet Union and Red China, are face to face with the Communist threat." "We must," he stated, "in the interest of national security, continue support for the forward defense countries. To be effective, this support should include plans for modernization of forces."¹⁴ The reasons for American military assistance to both Pakistan and India are clearly indicated in General Holloway's statement. Whether such assistance is contributing substantially to the defense of South Asia against the Communist threat may be a matter of debate; but there can be no question that it has contributed significantly to increasing the already alarming level of tensions between the two South Asian neighbors, tensions which have recently flared up into armed clashes in the Rann of Kutch and along the cease-fire line in Kashmir and which brought the two nations into open war in September, 1965. In a pre-conference on September 12, 1963, President John F. Kennedy stated the dilemma which the United States confronts under these circumstances:

The fact, of course, is we want to sustain India which may be attacked ... by China. So we don't want India to be helpless with half a billion people. Of course, if that country becomes fragmented and defeated ... that would be a most disastrous blow to the balance of power. On the other hand, everything we give to India adversely affects the balance of power with Pakistan which is a much smaller country. So we are dealing with a very, very complicated problem, because the hostility between them is so deep.

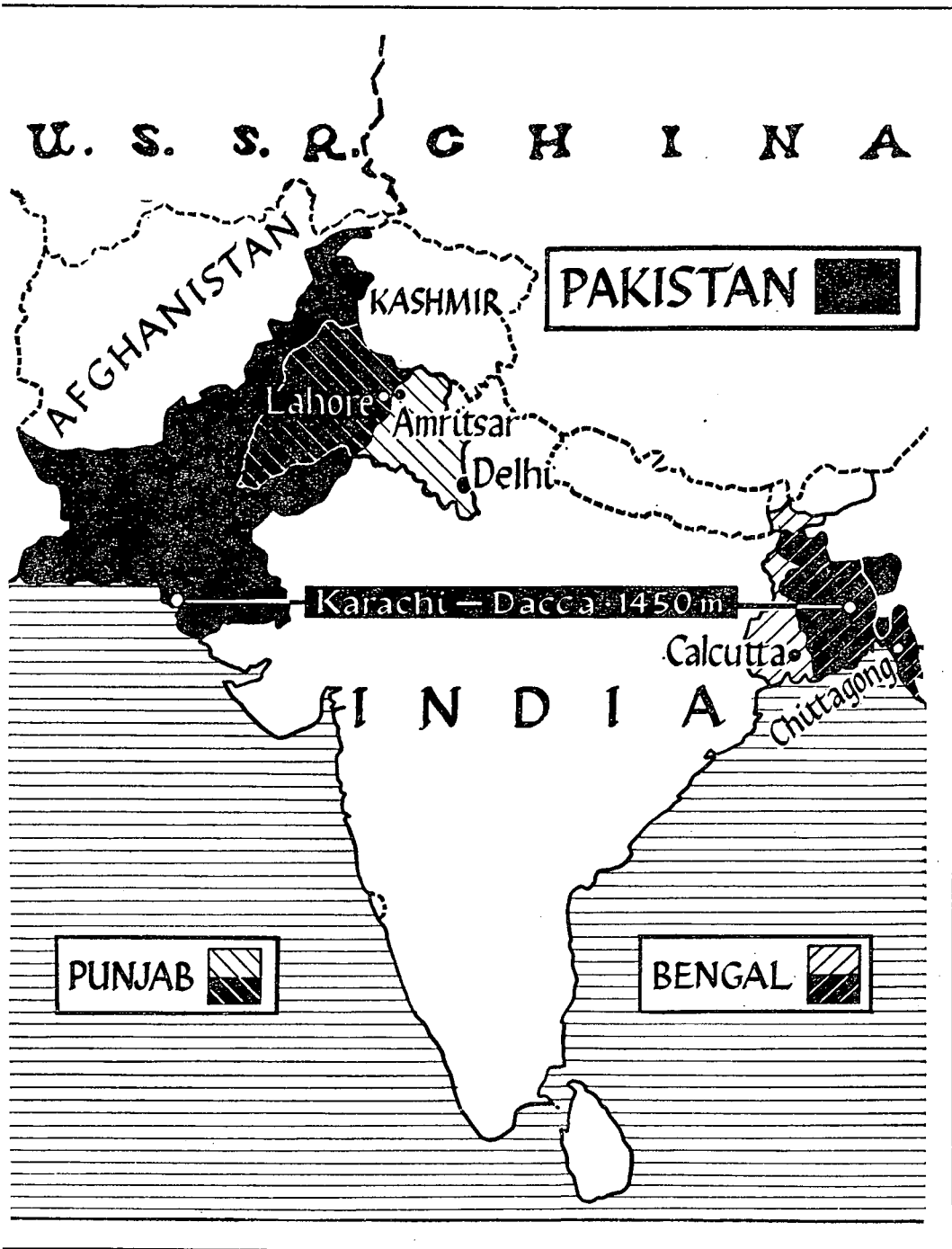
Military alliance with and assistance to Pakistan represented a considerable U.S. involvement in South Asia. It definitely affected the balance of power within the subcontinent to the detriment of India, and had an adverse effect on Indo-American relations. It is doubtful that the military association with Pakistan was sufficiently beneficial to offset the adverse consequences. It involved the United States in South Asia

¹¹ *Report of the President's Task Force on Foreign Economic Assistance*, op. cit., p. 48.

¹² *The Clay Report*, op. cit., p. 8.

¹³ *Foreign Assistance Act of 1965*, Hearings before the House Committee on Foreign Affairs, 89th Cong., 1st sess., March 10, 1965 (Washington, D.C.: U.S. Government Printing Office, 1965), p. 1225.

¹⁴ *Ibid.*, p. 974.



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INDIA & PAKISTAN

affairs in ways that proved embarrassing and that interfered with its desire to remain "neutral" in Indo-Pakistan disputes. On balance the alliance may have been a "mistake," but it was a logical consequence of policies which the United States was following at the time, and it may have contributed to overall objectives during a critical decade.

Had the decision to extend arms aid to India not been taken, the United States might have been well advised to consider ways and means of terminating its military assistance program to Pakistan. But it would make no sense at all to talk about ending military aid to Pakistan while similar aid is being extended to India. This step, as President John F. Kennedy noted, has already changed the balance of power in South Asia in India's favor, and the termination of arms aid to Pakistan and its continuance to India would be intolerable to Pakistan and would place the United States in a virtually untenable position. The United States must now consider its dual military assistance efforts in terms not only of their possible self-defeating effects but also of the South Asian balance and the beneficial results of a militarily stronger India and Pakistan in the context of the external threats.

When, in September, 1965, the escalating but still relatively minor clashes along the cease-fire line in Kashmir developed into a virtual state of war between India and Pakistan, the United States suspended its military aid program to both countries. This was a necessary precaution to speed the efforts to end the fighting and to prevent the spread of the conflict beyond the subcontinent. As a basis for long-run policy, the United States might well consider the possibility of continuing the ban on military aid to the two nations. If this does not prove practicable, the United States might try to develop a program of phasing out such assistance as soon as possible.

This new approach to the problem of military assistance would not lessen American interest in or concern for the defense of South Asia, but it would relieve the United States of embarrassing commitments and obligations and it would give the South Asian states

greater freedom of action and responsibility. In the last analysis, the defense of South Asia must devolve on the countries of the area, and not on the United States. Of course, the United States will continue to stand ready to give advice and assistance under conditions of greater mutuality, and its aid will be available if the South Asian countries are involved in attack from outside their borders on a scale and of a kind which would necessitate assistance from the major nuclear power.

The United States is already reexamining its military policies in the light of major changes in the international situation and changes in its weapons and delivery system. Nowhere is the need for this reassessment more apparent than in South Asia, where local conditions and sensitivities reinforce the broader considerations. In any event, the whole question of military assistance to both India and Pakistan should be reexamined and reappraised in the light of overall United States military and foreign policies, and also in the light of overall American policies and objectives in South Asia.

Certainly under present conditions economic assistance to both India and Pakistan seems to be in the national interest of the United States. One can properly question whether, in view of the tensions in Indo-Pakistan relations, American military assistance to both South Asian countries should be continued for long; but it is hard to question the

(Continued on page 306)

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"Whether the United States has received commensurate value from its decade of massive aid expenditures in [Thailand, Laos and Cambodia] . . . is not yet clear," writes this specialist on economic aid. Although conclusive evaluation is still difficult, he notes that ". . . the perils that led to the inauguration of large-scale military and economic aid have been at least partially averted."

Thailand, Laos and Cambodia: A Decade of Aid

By ALVIN ROSEMAN

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THE IMAGE of United States aid programs in Thailand, Laos and Cambodia obtained from journalistic reporting is varied indeed. It might include the seizure of a prime minister's multimillion dollar estate by the Thai government on the ground that he had obtained wealth by misusing public office; a \$30 million road through the Cambodian jungle that disintegrated under the first year's traffic; a primitive capital of Laos crowded with luxury automobiles imported at the expense of the American taxpayer. There is some truth in each of these stories. But they do not answer the basic question: have the \$920 million in American economic aid and the still secret sum in military assistance (probably about \$500 million) spent in this part of Asia over the past decade achieved United States objectives?

The prime United States aim in Southeast Asia has been to prevent Chinese territorial expansion and the spread of Chinese political and ideological influence. Ever since the retreat of the Chinese Nationalist government to Taiwan in 1949, the danger which a powerful and bellicose Communist

China represents to the countries upon its periphery has been a major determinant of United States foreign policy and military strategy.¹

Large-scale American economic and military assistance in Cambodia, Laos and Thailand began when the French withdrew from the Indochinese peninsula in 1954, leaving behind a divided Vietnam and the fledgling nations of Cambodia and Laos. Unstable Laos presented a threat to adjacent Thailand. Two of its provinces lay in the hands of Pathet Lao forces; there were indications that the Pathet Lao were being encouraged and supplied by Hanoi; Laotian authorities seemed unable to repress open rebellion. Cambodia was another source of weakness because it lacked the financial resources to support its limited internal security forces.

Since 1954, the orientation of the three countries with respect to Communist China has been varied. The Thais have regarded China and Chinese-supported North Vietnam as the principal sources of danger to their own peace and security. As the only member of the Southeast Asia Treaty Organization (SEATO) located on the Asian mainland, Thailand is fully committed to collective resistance against Communist aggression. In 1962, when Pathet Lao forces

¹ For a recent analysis of the political background, see Richard Butwell, *Southeast Asia Today—and Tomorrow* (New York: Praeger, 1964).

approached the frontier that separates Thailand and Laos, the Thai authorities requested and secured the landing of United States marines to reinforce their own defensive strength.

On the other hand, Cambodia attempted to maintain an uncommitted neutralist balance between the Communist and the Western powers during the early years of its independence. However, with the rising power and prestige of the Chinese, and the increasing success of the North Vietnamese and Pathet Lao in Vietnam and Laos, Prince Sihanouk—who has governed the country since it achieved independence—has tended to accommodate to the China-North Vietnam-Indonesia axis. The Prince has always regarded Cambodia's neighbors and traditional enemies, Thailand and Vietnam, as the primary sources of danger to his nation. Because of the close American identification with these two countries, he has never fully trusted the United States. After a series of frontier incidents late in 1963, in some of which American military advisers were associated with Vietnamese forces crossing the Cambodian border in pursuit of Vietcong guerrillas, Cambodian-American diplomatic and aid relations were ended.

As for Laos, during its ten years of independent existence, three groups—conservative, neutralist, and Communist—have intermittently battled for control. At the moment, an unstable *de facto* partition exists, with the northern and eastern portions under Pathet Lao domination and the western areas in the hands of an anti-Communist coalition of neutralists and conservatives.

In response to this situation, the United States established SEATO (in 1954) for the collective defense of the region, and inaugurated substantial programs of military and economic aid to Thailand, Cambodia and Laos. By assisting the three countries to create military and police forces capable of dealing with infiltration and subversion and to increase their internal political stability by developing a basis for improved standards of living, the United States sought to prevent the further spread of Communist influence

in the area. Both Cambodia and Laos were unilaterally covered under the protocol of the SEATO treaty; thus, without joining the organization, they were included in the geographic area which the members agreed to protect against external aggression.

A general estimate of the extent to which the ensuing ten years of American aid attained its purpose would note that the program in Thailand has been relatively successful; the one in Cambodia was a relative failure; and the one in Laos has achieved an uncertain stand-off. The situation remains precarious. A step-up in Chinese subversive activity in northern Thailand; a recrudescence of North Vietnam-supported insurgency in Laos; or the emergence of Cambodia (now a source of pro-Chinese propaganda and a probable channel for supplies to the Vietcong in South Vietnam) as a center for guerrilla activities against its neighbors might easily result in the rapid collapse of most of the gains achieved. The United States would then be faced with the question of whether it should undertake a more direct role in the defense of this area, a role similar to the one it has already accepted in South Vietnam.

MILITARY ASSISTANCE

The amounts of the most recent American military aid are still classified information. However, between 1955 and 1963, Thailand had received almost \$400 million; Laos about \$150 million and Cambodia, \$90 million, in such assistance. In all three countries, these funds were used to provide military equipment and supplies, to construct military facilities and to train armed services.

Thailand's military services have been significantly modernized through the aid program. The country now has much more mobile forces, better equipped to deal with threats to the country's security from infiltration or guerrilla activities. However, in the event of major external aggression against Thailand, they could only retard the invasion and supplement the American and other allied forces who would come to Thailand's rescue under the SEATO pact.

Without the equipment and operational

applies provided through American military aid, Laos could not have maintained any organized opposition to the Pathet Lao insurgents. The fact that the Laotian army has been able to limit the advance of the Pathet Lao to the present bounds represents a significant achievement, considering the internal political and administrative chaos which has prevailed in that country.²

The military assistance supplied to Cambodia increased the effectiveness of that nation's forces for internal security and border patrol functions. However, prior to the break in Cambodian-American relations late in 1963, the Cambodian forces were never regarded as capable of performing much more than a guerrilla role against external aggression.

ECONOMIC ASSISTANCE

From 1955 to 1964, the United States provided economic aid totaling \$295 million to Thailand, \$259 million to Cambodia, and \$367 million to Laos. In Cambodia and Laos, most of the American aid was utilized to help the countries meet the recurring costs of their military establishments. Both these nations have also benefitted from aid-financed improvements in internal transportation, agricultural production, education and health services. However, Cambodia has achieved only limited economic gains and Laos, whose problems of insurgency have been complicated by the task of resettling the 10 per cent of the country's population who are refugees from the Pathet Lao, has barely survived.

In Thailand, American assistance, coupled with the nation's own resources, loans from the International Bank, and investment of foreign private capital, has enabled the country to make such significant progress that it is approaching self-supporting economic growth. Fundamentally, Thailand has made greater economic advance than its two

neighbors because it had substantial material, institutional, and human resources to begin with. The country has enjoyed an extended period of relatively good international prices for its major exports. The government possessed a cadre of officials with administrative experience; devoted both its own funds and external aid to the development of its educational system and technical training facilities; followed sound fiscal policies; and maintained an enlightened attitude toward foreign private investment. In addition, Thailand's role in SEATO influenced American policy makers to regard the Thai need for economic assistance more generously than might otherwise have been justified.

American aid did not create corruption in Thailand. The concept that public office is a private opportunity is an old premise in that country, as it is in many other parts of the world. But the economic expansion catalyzed by American assistance increased the opportunities for personal gain on the part of Thai officials. Unintentionally, it also served to augment the prestige and authority of the senior military officers who traditionally have controlled most of Thailand's political life and more recently have begun to participate extensively in commercial activities. The members of this group who appear to have amassed wealth during recent years have been sufficiently sophisticated to obtain their enrichment primarily at the expense of the Thai treasury, rather than directly from American aid.³

RURAL THAILAND

Despite all the advances it has made during the past decade and its credit-worthiness for international loans, Thailand is still receiving substantial American economic aid on a grant basis. The rationale for continuing this assistance illustrates one of the fundamental problems of United States foreign relations policy and operations—the danger to security and stability in neglected rural areas.

As is the case in many other developing countries, there are two Thailands. Modernized Bangkok, and the prosperous central agricultural region, offer a sharp contrast to the

² For an account of the politico-military convulsions in Laos, see Arthur Dommen, *Conflict in Laos* (New York: Praeger, 1964).

³ David A. Wilson, *Politics in Thailand* (Ithaca: Cornell University Press, 1962), traces the development of this group.

remote rural parts of the nation, which have not been significantly touched by the twentieth century. The poor mountainous area of north Thailand is inhabited by hill tribesmen who maintain closer relationships with their kinfolk in nearby Burma, Laos and China than with distant Bangkok. The northeast section, in which one-third of the country's population lives, is a poverty-stricken region of infertile soils and grave water supply problems. The people of this area have close ethnic links with the Laotians on the eastern bank of the Mekong River. Chinese and Pathet Lao agents have been active in anti-Thai subversion in these two parts of Thailand.

If the United States were not deeply concerned about the seriousness of this security threat in the north and northeast, the case even for limited American financial participation in the expansion of police services and of rural development in these regions would be weak. But the situation is one which calls for major and speedy changes in the Thai government's traditional organization and practices for dealing with these peripheral parts of the country. Almost all the present American economic assistance is directed to providing the additional resources and the expert assistance needed to expedite these changes, especially in the northeast.

The current Thai program to deal with the northeast has been developed upon the basis of earlier Thai-American efforts to meet the security and economic development problems of this region. The dangers represented by the poverty of this area, whose population has little ethnic or cultural connection with the central government, has long been recognized. Over several years, attempts have been made through military "civic action" teams, agricultural extension work and community development projects to demonstrate to the inhabitants the Thai government's concern for improving their standard of living.

These endeavors had met with limited success largely because responsibility for their planning and execution was divided among a number of highly centralized governmental ministries in distant Bangkok, each main-

taining autonomy in its own technical field. Even more fundamentally, Thai officials in the capital and in the provinces had little understanding of the relationships between public functionaries and local population which are necessary to secure the confidence and collaboration of the people.

The Accelerated Rural Development Project was instituted in May, 1964, as a comprehensive Thai-American effort to meet difficulties in selected areas of the six provinces of the northeast considered most "security sensitive." The project's objective is to increase the income of rural people, improve the relationship between the Thai government and the local populations, and strengthen local self-government. The boldest innovation has been the decentralization of authority to the provincial governors for the coordinated development and execution of rural improvement activities. The governors have been provided with additional staff, funds and equipment to help them carry out their new responsibilities. Additional American technical advisers and specialists have been assigned to these areas to assist the provincial authorities. The provincial authorities, in turn, have been subject to pressure from Bangkok to demonstrate results.

Emphasis in the first year of the new program has largely been upon the construction of rural roads to connect villages and remote settlements with existing highways. The provincial authorities, with their enhanced responsibilities and the additional equipment and technical personnel supplied through a combination of Thai and American financing, have plunged enthusiastically into road-building. But there are indications that the concept of access roads as the highest priority need of northeast Thailand is not accepted by large numbers of the inhabitants. Many appear to prefer improvements in water supply, in education, in medical services, and especially in their income from their agricultural work.

Increasing agricultural income in the northeast, however, is a far more complex task than road construction. It depends primarily upon

incentives to persuade farmers to change from rice to other crops, such as cotton, corn, oil crops and livestock, for which the soil and water conditions of that region are better suited. But shifting from traditional agricultural products which are largely consumed on the farm to new ones which require commercial marketing involves a whole series of economic, social, and technological problems for the farmer. The subsistence husbandman will hesitate to risk his family's food by adopting radical innovations. In addition to demonstrations and technical advice from agricultural extension workers, the substitution of these new crops requires improvements in agricultural credit, transport, and marketing facilities, and a coordinated governmental organization for providing comprehensive services to farmers.

The Thai authorities have not yet faced up to the issue of whether the Accelerated Rural Development Project is to consist largely of projects formulated, almost *ex parte*, by provincial authorities as being in the best interests of the population, or whether the local people will have an effective voice in determining the nature of the activities undertaken for their benefit. Consent of the governed is not a usual practice in provincial and local administration in Thailand—or indeed, in most of Asia. Nevertheless, if the people of the northeast are to develop a real identification with the national government, the provincial and local officials must develop institutions of democratic local government through which the inhabitants can participate in decisions which directly affect their lives and welfare. This is one of the lessons of the sad history of the rural areas of South Vietnam. Success in the accelerated program will require new understanding and new skills on the part of the Thai bureaucracy, which traditionally has tended to decide for the people, rather than to consult with them.

CAMBODIAN AID

The history of a major project in Cambodia exemplifies the distortion of an economic aid program to secure political and strategic

benefits. The United States unrealistically assumed that economic and military assistance could resolve basic differences of political viewpoint between itself and the Cambodian government. United States representatives sought to use aid as a lever to persuade Prince Sihanouk to take an active role in SEATO or, at least, to withhold diplomatic recognition of Communist China. Not only were the efforts of American diplomats to impress him with hurriedly formulated "impact" projects in vain, but they diverted attention from the longer-range development of Cambodia's human resources, where the aid program could make a more significant contribution to the country's progress.

The largest single project undertaken through the Cambodian economic aid program was the 130-mile Friendship Highway, designed to provide access to the sea from Phnom Penh, the capital city. The construction of this road was first proposed to the Cambodian authorities in 1954 when the future of South Vietnam was in doubt. The Mekong River, Cambodia's primary foreign trade outlet, flows through South Vietnam. American policy-makers feared that if Saigon should fall into Vietcong or other unfriendly hands, the river might be closed to Cambodian traffic. Strategically they also were concerned about the possible need for a road by which American and allied forces could be brought to the assistance of Cambodia and Laos if the North Vietnamese or the Chinese should invade those countries.

The project was initiated in great haste to encourage Sihanouk to ally his country with the West. Much of the prospective route between Phnom Penh and the sea passed through almost unexplored jungle and swamps. The construction contract was awarded on a cost-plus-fixed fee basis without an engineering survey to determine the exact location of the way or the nature of the terrain. Because of time pressure, many basic technical questions were not examined prior to the beginning of work.

As the consequence of this inadequate advance preparation, by the time the completed road was turned over to the Cambodians in

the summer of 1959, the American economic aid mission, the construction contractor, and the supervising engineering firm had encountered a fantastic list of unanticipated delays and difficulties.⁴ These troubles increased the cost of the project from the original estimate of \$15 million to almost \$32 million.

The problems of this project did not end with the completion of construction. The unusually heavy monsoon season after the road's dedication brought severe slippages in one mountainous area and washed out substantial sections of the roadway in the marshy area. Part of the roadbed became impassible when the foundations disintegrated under traffic. A large-scale repair and reconstruction program had to be instituted.

In the meanwhile, the political and military considerations that were the primary justifications for initiating the project had significantly changed. Prince Sihanouk had become negative about SEATO. The Diem government in South Vietnam had allied itself closely with the United States and there was little American strategic interest in a new highway to enable a military force to come to the rescue of Cambodia and Laos. On the contrary, such a road might even facilitate a North Vietnamese or a Chinese move at Thailand through Cambodia. A \$32 million highway with its heavy continuing maintenance costs was hardly an economically justifiable expenditure in a country like Cambodia although, in combination with the French-financed seaport at Sihanoukville, it promised to open a new area of the country for agricultural development.

Besides the additional expenditure involved, the construction deficiencies in the road project cost the United States heavily in prestige. About one-third of the highway's rehabilitation work had been completed by November, 1963, when United States economic aid to Cambodia was discontinued.

The Cambodians are undertaking the completion of the repairs with their own funds and personnel, but recent reports indicate that they have made little progress. Unless the French (now the major source of external aid to Cambodia) assume that task, it is probable that the swamp and the jungle will take over much of this expensive highway.

WEAKNESS IN LAOS

The troubles of the Laotian aid program exemplify the difficulties of initiating large-scale external assistance to a government that lacks the organization and personnel for minimal public services. The French withdrawal left Laos with only a nominal governmental structure and an almost complete administrative vacuum.

One of the most immediate problems in Laos was the need for large amounts of Laotian currency to meet the expense of the army and police. To enable the government to obtain this currency without resorting to a printing-press inflation, the United States financed the importation of commodities to be sold in the Laotian commercial market, with the sales proceeds allocated to the government's budget. This system offered great temptation for fraudulent transactions and evasion of the American aid restrictions on the importation of luxury goods.

For several years the Americans attempted unsuccessfully to cope with this difficulty through various compromises and makeshifts. A number of luxury passenger cars were imported in violation of aid regulations, and many other cases of falsified imports and the use of the aid mechanism for flight of capital were discovered. A new arrangement, devised in 1963, now permits the aid mission to control imports directly without excessive numbers of American personnel.

The problem of developing a local staff to permit the Laotian government to take over the administration of the import program has not yet been resolved. Similarly, in the efforts to improve Laotian agriculture, health and education, the paucity of Laotian personnel has required the United States to supply a large number of American tech-

⁴ See the hearings of the Foreign Operations Subcommittee of the House Committee on Government Operations on the construction of this highway (85th Congress, 2nd session and 87th Congress, 1st session).

nicians for work which local staff performs in other countries.

Laos also offers a foreign aid problem similar to one the United States faces in other parts of the world: how long should American assistance continue as the basic support of a country essentially too small and too deficient in resources to maintain itself? With an estimated annual income of \$60 per capita, the 2 million people of Laos cannot be expected to support the minimal essentials of a modern state.

The prospects for self-sufficiency are not bright. The country has some unexploited natural resources but there is almost no local capital for their development. Even if the 20 year-period of internal strife should be ended, foreign investors would still be deterred by Laos' remoteness, its lack of internal transport, and the paucity of skilled manpower.

As long as North Vietnamese encouragement of Pathet Lao insurgency represents a danger to Thai, South Vietnamese, and American interests in Southeast Asia, the United States will face the political and strategic necessity of supplying large-scale aid to preserve Laos as a buffer state. But when peace is restored in Indochina, there will be no compelling justification for American financing, other than for a modest technical assistance program to assist in the long-range development of the country's human resources. Unless (as seems unlikely) France or some other power assumes the burden of supporting Laos, the United States will then face the difficult problem of requiring the Laotians, particularly those in the capital city area who have become accustomed to something of a Western style of life, to return to more traditional standards. Whether this can be achieved without a collapse of the Laotian government is unpredictable.

The principal hope appears to be some type of political and economic integration with one or more neighboring countries through which Laotians could be relieved of some of the costs of the apparatus of a modern state. Several possibilities for re-

gional association suggest themselves, but they are all dependent upon the resolution of the Vietnamese conflict.

Meanwhile, the proposal of President Lyndon Johnson, on April 7, 1965, for an intensified international campaign to stimulate Southeast Asian economic and social progress and to promote closer regional economic relationships, may provide an initial step in this direction. The Mekong Basin Commission of the United Nations has already established the basis for regional cooperation in projects for the utilization of the hydroelectric and irrigation potential of the Mekong River and the proposed Asian Development Bank may furnish a method for financing these projects on an international basis.

VALUE RECEIVED?

Whether the United States has received commensurate value from its decade of massive aid expenditures in these three countries is not yet clear. We do not know to what extent the Chinese or the North Vietnamese have been deterred from more overt aggression or more extensive subversion by the increased defense capabilities and economic strength brought about through American assistance. Thus far, the perils that led to the inauguration of large-scale military and economic aid have been at least partially averted.

In Laos, American assistance has enabled the government to maintain its existence, even though the current lull in hostilities may be attributable primarily to North Vietnamese

(Continued on page 306)

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After summarizing the relative strengths and weaknesses of the American aid program in the Philippines since its beginning in the early 1900's, this analyst finds that, "At a time when the fashionable pastime is to cite American actions as the way not to do something, it is refreshing to be able to cite the Philippines as an example of the way to do something."

The Philippines: A Unique Effort

By JOHN F. MELBY

Executive Vice-President, National Council of Asian Affairs

THE AID PROGRAM for the Philippines has been unique among United States efforts to help peoples around the world to take their rightful places in modern society. It was different from the very beginning in that it was not the outgrowth of conditions arising from World War II, as was the case with our other aid programs. Rather, it started shortly after the turn of the century as a result of the Spanish-American War, when a dismayed United States unexpectedly found itself in unplanned occupation of the archipelago and hence, for the first time, a colonial power.

Except for a few "expansionists," there was little American enthusiasm for the role; but the Philippines were there and so were we. Returning the islands to Spain was out of the question, especially for a public which had been whipped to a frenzy by press accounts of Spanish atrocities in Cuba. Three centuries of Spanish misrule and the total isolation of the Philippines from the rest of the world did not seem to offer an adequate basis for immediate independence (although General Aguinaldo and his Malolos Republic strongly felt otherwise and started a rebellion that was put down only after several years of expensive warfare).

President William McKinley may or may not have found the answer on his knees in prayer, as has been reported, but the reluc-

tant United States decision was to remain and deliberately prepare the Philippines for independence. Despite the scepticism, scoffing and on occasion irritation of the other colonial powers (who thought the United States was setting a bad example), that is exactly what happened. True, the program and the pace of development were uneven over the decades; but the ultimate goal was so little in doubt that not even the Filipinos—who might understandably have wondered at times about their future—ever seriously questioned the good faith of the United States. This mutual trust, incidentally, was to pay large and important dividends to the United States when Japan struck in 1941 and again during the postwar years of chaos in the western Pacific.

The American program to help the Philippines into the twentieth century was broad and comprehensive. In retrospect, the keystone was undoubtedly education. Spain, which to this day does not educate its own people, could hardly have been expected to educate subject peoples—and, in fact, it had positively discouraged any such program. On the other hand, the American response to ignorance and illiteracy was to send literally thousands upon thousands of idealistic young people, fresh out of college, to every corner of the islands, in a massive program of basic education. Hardly a Filipino of those years

did not have some contact with an American at his best and most selfless.

The Philippines rather quickly became, and remained, one of the most literate countries of Asia. The advantage this tool gave the Philippines hardly needs elaboration to anyone who has any knowledge of the primary requirements for economic and social development. This program, parenthetically, might well be considered as the true forerunner of the Peace Corps and its accomplishments may offer some indication of what benefits may be expected from the present worldwide effort.

At the same time, there was a calculated training program for public administrators without whom no government could be expected to function. By 1941, the Philippines had an adequate and experienced administration apparatus because over the decades there had been a systematic transfer of various functions to Filipinos as they acquired sufficient skills. Along with this training, there were large programs of public works and public health, both essential to a modern state. There was even a substantial beginning towards industrialization, especially in consumer goods, although most of this was effected by private American and Filipino capital. The primary economic growth, however, remained agricultural. All this cost a great deal—just how much it is probably impossible to calculate—an expenditure in which there was no direct return to the United States. (One of the lessons colonialism teaches is that the taxpayer at home who pays the bills can expect little or nothing in return, although individuals and private groups have often made large amounts of money from their country's colonies.)

In a sense, the most rewarding parts of the American program cost nothing—the encouragement and stimulus given to citizen participation in public life, the subsequent growth of political parties and the actual experience gained in operating a democratic structure as the management of their country's internal life was progressively turned over to Filipinos. By 1941, the Philippines were for all practical purposes independent ex-

cept in foreign affairs and defense. And in the realm of defense, the Philippine constabulary had become a model military instrument in itself (even though the top command remained American). This it later demonstrated with such skill and heroism, against overwhelming Japanese power, that it threw off the Japanese timetable for conquest of Southeast Asia and gave the United States time to recover from the shambles of Pearl Harbor. Without this respite, the war in the Pacific would probably have been infinitely more difficult and longer. In the end, the Japanese occupied the Philippines; but they never really conquered them.

AGRARIAN PROBLEMS

The early American effort, however, was not entirely constructive; there were serious failures and omissions. As in so many primarily agrarian societies, the root of most discontent, unrest and trouble lay in the land and its utilization. This was where the United States failed.

The Philippines have had a continuing major problem on the principal island, Luzon, whose central section is the rice bowl of the country. It has been badly overpopulated; the amount of absentee landlordism staggering; the methods of cultivation primitive; and there have been many cases where the *Tao*, or peasant, has received as little as 30 per cent of this crop. The great Sakdalista Uprising, a socialist revolution in the 1930's, should have given warning enough of the lasting dangers inherent in such a situation. (The earlier expropriation of the so-called Friar Lands, while useful, had only nibbled at the fringes of the problem.) And, in fact, after the rebellion was put down, advanced and responsive agrarian reform legislation was enacted, but it was never enforced.

However, this was not the only problem to be faced. A second, and still continuing, economic trouble spot was also agrarian in nature—the problem of abundance. The Philippines are islands remarkably well suited to the cultivation of sugar cane. Given natural advantages and a preferential position within the American tariff structure, sugar

quickly became the major source of the islands' income. It would not be entirely accurate to say that the Philippine economy was then a one-crop economy. But it came dangerously close and there were no efforts to improve this situation.

UNHEALTHY DEPENDENCE

A third and somewhat paradoxical problem has been the almost oppressive dependence of the Philippines upon the United States. No doubt this has proved flattering—especially in view of the undisguised and unrestrained hatred most other colonial peoples have shown toward their masters—but it also has been unhealthy. Until now at least, there has been no political capital to be made in the Philippines from anti-Americanism. This may be changing, as we shall see later; but to date the Philippines have always approached the solution of any problem with the built-in conviction that if anything were bad enough the United States would step in to straighten matters out, as indeed it usually has. This trust and dependence, however gratifying, have not been conducive to developing that self-reliance which any sovereign state must have in order to play its proper role.

On balance, however, the prospects in 1941 were that on the scheduled date in 1945 the Philippines would be ready for independence; indeed, independence came only one year late, but under vastly changed conditions. Japan had followed its attack on Pearl Harbor with a savage assault on the Philippines. Apparently anticipating little opposition, Japan met such heroic and dogged resistance that it took six hard months to occupy the islands; and even after that the guerrillas remained to put an endless drain on Japanese strength until three years later, when the United States army returned. Then the Japanese (who proved to be just as heroic and determined) retreated almost literally inch by inch, destroying everything as they went. When the war was over the Philippines were little more than a rubble heap and most of the work and accomplishments of more than a generation lay in ruins.

The extent of the damage was appalling. Manila was reminiscent of Warsaw; even the trees had been cut down. The towns and villages looked like the western Soviet Union. In the countryside, no bridges were left and even the roads had been obliterated. The sugar centrals had been burned and the cane fields ravaged. The damage to rice paddies was dismaying. The industrial plant was junk. In brief, there was little left except the earth itself.

The war was even harder on the people. In their fruitless efforts to subdue the country, the Japanese had systematically killed some two million people out of a population of fourteen million—and of course this figure included a frightful percentage of the educated élite and trained personnel on whom so much depended. The Filipinos might have been forgiven, in the circumstances, if they had lapsed into apathy and despair. It is a lasting tribute to them that they did not.

RECONSTRUCTION

After the war, American aid entered a second phase. It was based not only on a desire to help salvage what was left of so much work; but also on a deep sense of obligation to a people who had so nobly proven themselves. What had survived the war was self-respect, pride of accomplishment, and a deep attachment to the democratic way of life. Experience under Japanese autocracy had only reinforced the Filipinos' determination to practice democracy on their own. The demonstration that the democratic way of life can be developed in societies which have not known it before may still prove to have been the single greatest American contribution, not only to the Filipinos, but also to other peoples. And, fortunately, the Japanese had not been able to exterminate the entire élite; there were leaders left to pick up the pieces.

Reconstruction proceeded rapidly and the accomplishments and failures—not particularly by design—turned out to parallel rather closely the same phenomena of the prewar period. The physical rebuilding was most impressive. Cities and towns, roads and har-

bors, public works, health facilities—all mushroomed in every direction. Probably the most spectacular single program was the payment of war damage claims. In order to get the private sector of the economy functioning again a grant of over one-half billion dollars was made for payments to those who had lost their properties, most of it in relatively small amounts. Administered by a joint Philippine-American Commission, there was never the slightest suggestion of corruption—and this in a country which already showed an alarming propensity for, and skill in, veniality. It was hardly surprising that veniality should be common in a situation which for years had required the exact opposite of the usual civic virtues for mere survival. What was surprising was that a natural and vulnerable pork barrel of such vast dimensions should have remained entirely clean.

In addition, there were substantial grants of other kinds distributed throughout the economy. During the first five years of independence the total ran to well over \$1 billion—probably the largest proportionate aid ever given by one country to another. On the surface at least, the program seemed to be working magnificently.

But there was a darker side to this post-war picture, in virtually the same areas of previous failure. In so far as the United States must bear some responsibility, it may be charged with a complete reversal of its earlier practices of paternalism. There was resolute refusal to interfere anywhere, or to give anything except technical advice, let alone to insist on reform or on any political reforms. And where the United States did not insist, the Filipinos were content to let matters drift instead of taking the necessary initiative action.

The basic failure again lay in the area of land reform. The old laws were still valid; and they were still unenforced. Soon the Hukbalahaps, who had formed a most effective guerrilla force during the war (though never recognized by General Douglas MacArthur), began to capitalize on the misery of central Luzon. By 1949, a major Commun-

ist-led insurrection was under way, which the government of President Elpidio Quirino showed no ability to put down, while displaying even less capacity to remedy the ills which caused it.

At the same time, the sugar industry, which had been totally destroyed, was restored to its former preeminence, thus forfeiting a golden opportunity for building a pattern of agricultural diversification. Indeed, there was a point after World War II when diversification would have been easy, but in the face of general apathy the enormously powerful sugar interests were able to forestall significant change. The immediate wealth which sugar produced under American tariff protection concealed any lurking shadow of what was to come when the American market would shrink. Enjoyment of that wealth dulled any inclination to look beyond the present.

Although already several times postponed at Philippine request, the day must come when the gradual imposition of American tariffs on Philippine sugar will begin to price it out of the American market. The search for alternate markets and new land uses will almost certainly cause a major economic crisis. This should not be an insoluble problem if sufficiently anticipated, but the lost opportunities during the past three decades have been tragic. Even if corrective measures were being taken right now (which they are not), the adjustment would still be painful. At some point, sugar is bound to cause a grave strain in Philippine-American relations—and probably at a time when both can least afford it.

The third area of real weakness was corruption and bad government. Dishonesty in every aspect of life had become a fine art and anything could be bought or bribed. Inefficiency brought the operation of government to a virtual standstill. Taxes were uncollected; in one memorable year only 15 people paid income taxes and nothing was done about it. The very substantial Philippine dollar exchange reserve was squandered on luxuries and frivolities. It was once alleged that there were more Cadillacs in

Manila than there were in New York; and one ship arrived from the United States laden only with bird cages and hair oil. President Quirino and his administration were unwilling and unable to do anything about it. In such a situation it was inevitable that the Huk infection would spread rapidly into every corner of the islands.

THE HUK REBELLION

Late in 1949, Washington suddenly awoke to the dismaying realization that the Huks had the military capability to take over the country. To this day, their failure to do so is a mystery. To Washington, the grim reality was that it simply could not afford a repetition of the China debacle. It was partly a genuine desire to keep the Philippines out of the Communist orbit; but perhaps, even more, it was a reaction to the brutal attacks of Senator Joseph McCarthy on the Truman administration over China policy. In any event, the only viable alternative to the Huks was rapid reform, even if it meant, as indeed it did, a reassertion of American influence. Most reluctantly, the decision was taken for a deeper American commitment; action came quickly and in several fields.

It was obvious that no reform could succeed unless at the same time the military threat of the Huks could be contained and rolled back. The key figure in this operation turned out to be the dynamic, ex-mechanic, young chairman of the Senate Armed Services Committee, who had been one of the great guerrilla fighters of the war—Ramón Magsaysay. Notice was quietly served on President Quirino that Magsaysay would be the new Secretary of Defense, with a free hand, or there would be no more American aid. His tireless, driving performance more than justified the confidence placed in him. He cleaned out the deadwood in the army; he ruthlessly, and on the spot, punished corruption and malfeasance by officers; he put the troops out of the towns and garrisons and into the field chasing Huks; and in so doing he restored public confidence in an army that the people had come to fear more than they did the

Huks. In a remarkably short time the military threat began to recede. As other measures became effective, the Huks broke up and dispersed; their surviving leadership is still in prison.

Coincidentally, economic measures were being planned and implemented. Daniel Bell, a former United States Under Secretary of the Treasury was persuaded to head the mission which bears his name, to make recommendations. His report provided the foundation for the subsequent economic aid program. Since 1952, total American economic grants to the Philippines have been only a little more than \$200 million. (The overall total of all American aid there since 1946 has been roughly \$2 billion of which \$.5 billion has been strictly military.) The urgent need was not money, but government efficiency, honesty, improved techniques in administration, collection of taxes, and economic and agricultural advice to make better use of already available resources. And restoration of confidence in the viability of the Philippine economy within the private sector was a must. For all this, large numbers of United States advisors were needed. The plans worked well, with perhaps the most gratifying result being the emergence of remarkably vigorous and imaginative Filipino business enterprise. But neither the military nor the economic miracles could have been accomplished without a new political climate for the masses of Filipinos had lost trust in their ability to make a democracy function. Even worse, they were haunted by a sense of having disappointed the United States.

The political phase was the most difficult and the most sensitive for the United States since the Filipinos like outside political interference no more than anyone else. Yet it was clear to everyone except the Quirino administration that if it succeeded in stealing the 1951 senatorial elections and the presidential elections in 1953, as it had previously, democracy in the Philippines was doomed. There was one saving factor, at perhaps only one.

In their admiration for the United States the Philippines have slavishly copied man-

facets of American life (sometimes with rather startling results as, for example, a freedom of the press which approaches downright license). Their imitation of the American tradition and practice of private, community, civic action—people doing things for themselves—proved invaluable.

The hard core in this instance turned out to be the Junior Chamber of Commerce, composed of young business and professional men who were humiliated by the spectacle their country was offering. With discreet encouragement and assistance, they set out to prove that Philippine democracy could be saved. I, for one, am convinced that without private community action, Philippine democracy would not have survived. The 1951 elections were a clean sweep for the opposition *Nacionalistas*, and Filipinos began to hold their heads up again. Ramón Magsaysay, who had become a popular hero, resigned from the government to become the *Nacionalista* candidate for President in 1953 and won by what may well be the largest majority any candidate in a democracy has ever received. The crisis had been surmounted. Three years later, Magsaysay was dead in an airplane crash.

The years since Magsaysay have in a sense been an anticlimax. The bright hope he held forth has not been realized; perhaps not even he could have fulfilled the expectations he aroused. On the other hand, there has been no new crisis nor really serious trouble. The Philippine Republic has so far been strong and vigorous enough to survive a weak and not entirely incorruptible President Carlos Garcia, as well as President Diosdado Macapagal who, although certainly a stronger man of greater integrity, is also erratic, especially when he starts fishing in the troubled waters of Southeast Asia or asserts himself against the United States in sometimes petty ways.

From a strictly economic and military standpoint, Americans can be satisfied that their aid program has done the job it set out to do, insofar as any outside aid program can be effective. At a time when the fashionable pastime is to cite American actions as

the way *not* to do something, it is refreshing to be able to cite the Philippines as an example of the way *to* do something. The lesson is simple enough. The Philippine program from the beginning has been multifaceted and the results have justified it. Even politically the picture is not unduly worrisome. In foreign affairs, the Republic of the Philippines is probably less vulnerable to pressures from the chaos of Asia than other countries. There is no reason for complacency, however, for the same basic economic problems still remain to be solved. In the matter of land reform, for example, the remedial measures which have been taken have not been good enough, and again there are ominous rumblings from the rice paddies. By now, it should be axiomatic that unless and until this major injustice has been corrected, there is a continuing question as to whether the Philippines will remain within the "Free World." Both Americans and Filipinos must share responsibility for this old wrong and do what they can to rectify it.

There is also a new shadow, whose direction and consequences are at present unpredictable. A new generation has grown up in the Philippines which barely remembers World War II and has never had intimate contact with Americans. To this newer generation the United States is not the beneficent, infallible father who brings aid and solves all problems. The United States is a foreign country, and the Philippines is Filipino—and Asian. The new generation does

(Continued on page 306)

John F. Melby was a U. S. Foreign Service Officer from 1937 to 1953, with service in Southeast Asia, Latin America, the Soviet Union, China and Washington. In 1954–1955, he was research associate in South-east Asian Studies at Yale University in New Haven. He was director of foreign students and a lecturer in political science at the University of Pennsylvania from 1958 to 1964. In addition to his present duties with the National Council on Asian Affairs, Mr. Melby is a free-lance writer on world affairs.

Aided by the United States after World War II, Japan soon rehabilitated her economy and in 1958 she began a program of economic aid to the nations of Asia. Unfortunately, her neighbors "still have lingering suspicions of what the Japanese are up to, fearing a possible revival of Nipponese imperialism and militarism."

Japan's Role in South Asia

By THEODORE McNELLY

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JAPAN, the enemy of the United States in World War II, is now our principal ally in Asia. She has received significant military and economic aid from the United States, has rebuilt her economy, and is herself now launching a many-faceted program of aid for the developing countries. How the United States contributed to the postwar economic miracle in Japan and how Japan's economy may contribute to the future prosperity and security of Southeast Asia are the subjects of this article.

At the end of World War II, the Japanese people were hungry; unemployment was widespread; and millions of soldiers and civilians were repatriated to Japan, aggravating these problems. The large cities, and many of their homes and factories, were destroyed. Large investments in China, Manchuria, Korea, Taiwan and elsewhere were lost. Japan's once great merchant marine had been destroyed or sunk. The economic future of Japan, an overpopulated have-not nation without the natural resources essential for industrial development, looked bleak.

The United States' first postwar policies for Japan did not envision economic aid for the loser of the war.

The policies of Japan brought down upon the people great economic destruction and confronted them with the prospect of economic difficulty and suffering [it was conceded, but] the plight of

Japan is the direct outcome of its own behavior, and the Allies will not undertake the burden of repairing the damage.

General Douglas MacArthur, the Supreme Commander for the Allied Powers (SCAP), was explicitly instructed not to assume any responsibility for the rehabilitation of Japan or the strengthening of the Japanese economy, and he was to make it clear that the Allies assumed "no obligation to maintain a particular standard of living." "Economic demilitarization" was to be enforced to destroy the economic basis of Japanese military strength.

When MacArthur requested food imports to prevent civil unrest which might endanger the occupying forces, he was bitterly criticized by several members of the Far Eastern Commission, the Allied policy-making body for Japan. The Commission ruled that no food imports should be sent to Japan which would give the Japanese preferential treatment over the peoples of Allied powers, such as the Chinese and Filipinos, who were hungry and suffering as the result of Japan's aggressions. Substantial quantities of food were, however, sent to Japan from the United States beginning in April, 1946, much to the surprise of the Japanese people, who had not expected such generosity from their erstwhile enemy.

The Japanese still recall with gratitude this

humanitarian assistance, but the food imports, important as they may have been in preventing mass starvation, did not have as their purpose the rebuilding of the Japanese economy. The economic disarmament of Japan and the payment of reparations were to entail reduction or elimination of such branches of Japanese production as iron, steel, chemicals, nonferrous metals, aluminum, magnesium, synthetic rubber, synthetic oil, machine tools, radio and electrical equipment, automotive vehicles and merchant ships. Furthermore, Japan's economic institutions were to be radically "democratized," i.e., the unionization of labor would be fostered, the monopolistic family combines (*zai-batsu*) would be broken up, ultranationalistic businessmen would be purged, and land would be transferred from absentee land owners to the peasant tillers. Certain of the Allied Powers, especially Great Britain, were concerned that Japan should not again become a threat to their trade. These economic reforms were substantially accomplished in 1946 and 1947. In addition, basic political and social reforms were brought about, particularly the adoption of an American-inspired constitution together with sweeping changes in the law codes to establish a democratic political and social system.

Unfortunately, the short-lived successive governments of Japan showed themselves incapable of coping adequately with the staggering problems of hunger, inflation and unemployment. These problems may have been made more acute by the economic reforms undertaken by the Occupation. Uncertainty as to which plants would be seized for reparations deterred industrial revival. The new labor unions were making unrealistic demands in the light of the condition of industry. Relief shipments and other aid to Japan were costing American taxpayers about half a million dollars a year. Furthermore, Japan's recent political and social reforms were imperiled by the state of the economy.

By 1948, the principal concern of the Occupation was Japan's economic rehabilitation. As it became evident that the dismantling of Japanese industry for repara-

tions would only prolong the need for American subsidies to Japan, the United States rapidly revised its attitude towards reparations. It had not wanted reparations for itself in the first place, and it appeared that reparations to other countries would have to be paid indirectly by the American taxpayers. The Far Eastern Commission was unable to agree on a formula for the distribution of reparations, but directed interim removals of Japanese industrial equipment to certain of the Allied countries. The report on the Japanese and Korean economies ("Draper report"), issued by a committee of businessmen which visited Japan in 1948, recommended the removal of equipment valued at less than one-ninth of the figure recommended in 1946 by the commission on reparations headed by Edwin W. Pauley. The negative attitude of the United States towards reparations was reflected in the Japanese Peace Treaty in 1951. Although the treaty conceded the obligation of Japan to pay reparations, it pointed out that her resources were not sufficient to make complete reparation and at the same time maintain a viable economy.

REPARATIONS POLICY

Thus the United States, which was the principal occupying power, contributed to the recovery of Japan by opposing a harsh reparations policy which would have proved ruinous to Japan and probably would have been detrimental to the long-term economic well-being of the rest of Asia. In accordance with the peace treaty terms, Japan negotiated agreements with those Allied Powers desiring reparations. The reparations program, the beneficiaries of which are Burma, the Philippines, Indonesia and Vietnam, was inaugurated in 1954, and served as a beginning for Japan's postwar foreign aid program.

At the same time that Japanese economic rehabilitation was being undertaken as an expedient for lessening the burden to the American taxpayer, there occurred a basic change in American long-term policy for Japan and the Far East. The National Security Council in November, 1948, deter-

mined that Japan was to be strengthened economically and socially, so that after the termination of the Occupation it would be stable and friendly to the United States. SCAP was to shift responsibilities as rapidly as possible to the Japanese, SCAP personnel were to be reduced, a national police force was to be organized, and the Japanese were to be allowed more latitude with respect to the enforcement of the reform measures initiated by the Occupation.¹

American policy thus shifted from punishment and reform to the rehabilitation and reconstruction of Japan. The cold war and the deterioration of the anti-Communist position in China were the causes for this shift. During World War II, the United States had assumed that the defeat of Japan would result in a strengthened China which would cooperate with the United States as an influence for peace and stability in Asia. China was assigned a permanent seat in the United Nations Security Council as a symbol of great power status. In 1948, however, the Civil War in China and the failure of the Marshall mediation efforts there meant that China had fallen prey to anarchy and imminent Communist takeover.

Thus, in 1949, the Japanese Occupation entered the period of the "reverse course" (*gyaku kosu*), in which many reforms were either halted or completely reversed. The "trust-busting" attack on the *zaibatsu* monopolies was slowed down and checks were put on the Japanese labor movement, which had partially fallen under Communist control. Purged businessmen were permitted to resume their activities. When General Matthew Ridgway replaced General MacArthur in 1951, Allied Headquarters went so far as to invite the Japanese government to propose changes in the reforms which had been sponsored by the Occupation.

Nevertheless, it seems possible that the controversial reforms may have contributed to, as well as hampered, Japanese recovery.

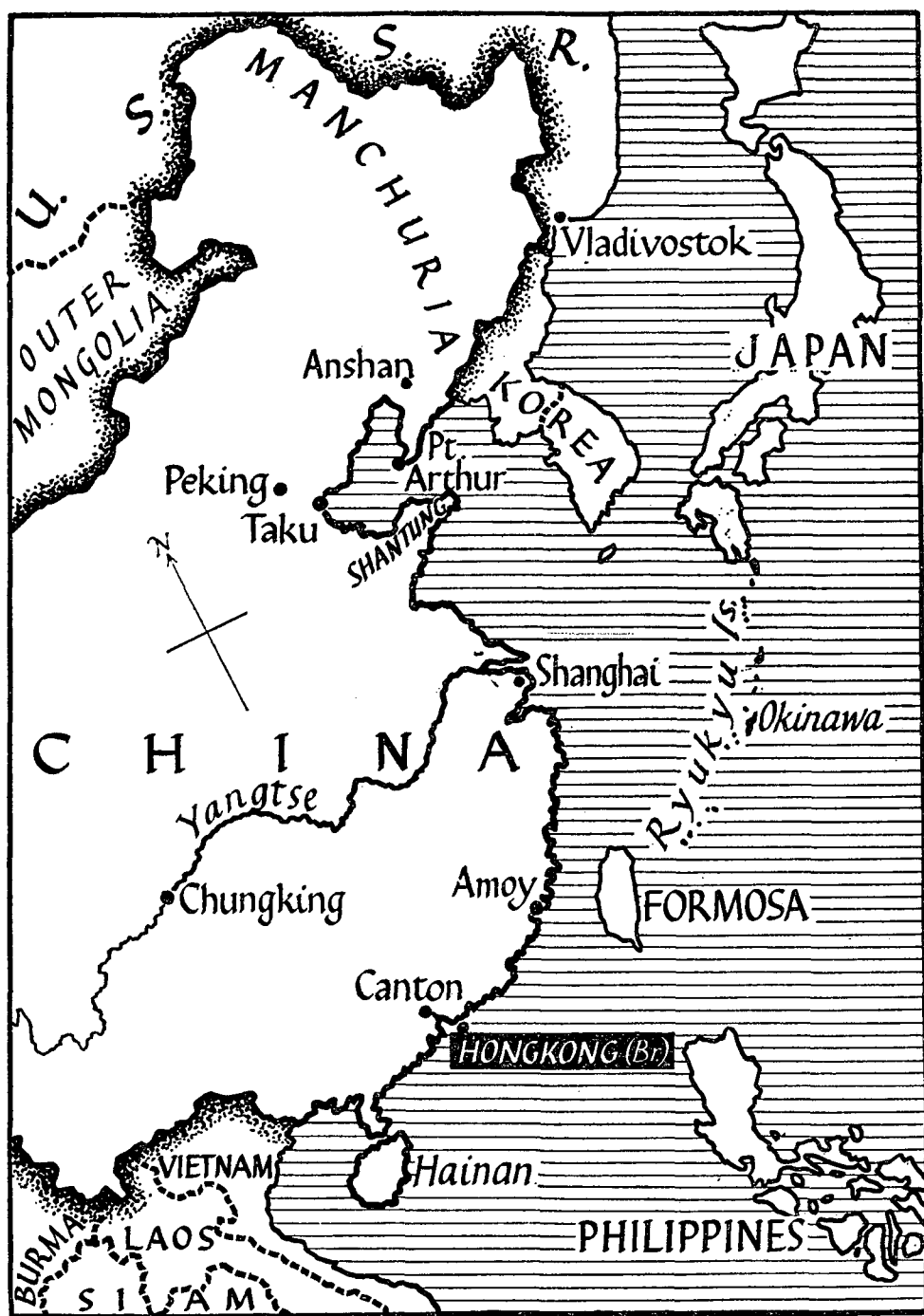
Whether the contributions outweighed the negative aspects is difficult to say, especially since the reforms were intended to accomplish ideological and political objectives of great importance. For example, the land reform, which closed off capital accumulation by landlords, probably helped to stimulate the increase in agricultural production—in recent years Japan has produced a surplus of rice—and certainly helped to forestall the growth of discontent and radicalism among much of the peasantry. The land reform, which owed much to General MacArthur's personal interest, has also served as a model to other Asian countries seeking to achieve political stability.

At the same time, the increase in real wages which the Japanese worker has enjoyed because of the existence of the postwar labor unions has contributed to the creation of a mass domestic market for the products of Japanese industry, a market which had been relatively insignificant before the war.

In 1949, a mission to SCAP Headquarters headed by Joseph M. Dodge, a New York banker, proposed a sweeping deflationary program. Although ruinous to many small enterprises, this succeeded in halting completely the inflation, which had reduced the value of the yen from ¥15 to \$1 (U.S.) in 1945 to ¥360 to \$1 (U.S.) in 1949. The Korean War (1950–1953) created a war boom as the Americans relied on the Japanese for aircraft parts, repair facilities and trucks. Since 1954, American aid to Japan under the Mutual Security Act has amounted to about \$600,000,000 annually, but is now being drastically reduced.

The military aid extended to Japan has contributed substantially to Japan's postwar prosperity, since the island nation's economy has not had to support a sizeable military establishment. While the United States has spent more than ten per cent of its national income (or more than 50 per cent of its national budget) on its military establishment, in recent years Japan has spent less than 2 per cent of its national income (or less than 10 per cent of its national budget) on armaments. The Japanese, then, have been get-

¹ This decision was never published, but is summarized in Frederick S. Dunn, *Peace-Making and the Settlement with Japan* (Princeton: Princeton University Press, 1963), p. 77.



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JAPAN AND HER NEIGHBORS

ting something of a free ride in the matter of national defense, a factor which has not only contributed to prosperity but which has also tended to encourage a rather irresponsible attitude towards defense among much of the populace.

RIISING STANDARD OF LIVING

By 1951, Japan had achieved a gross national product equal to that in the prewar period (1934-1936), and in 1953, the per capita income equaled that of prewar. Japan entered a state of high mass consumption in the late 1950's. In the past ten years, there has been an average annual growth rate of 9.6 per cent, and the gross national product has expanded about 2.5 times. Labor productivity per person has increased by 51 per cent in industry and by 30 per cent in agriculture. Japan's gross national product is now the fifth largest in the world. She leads the world in shipbuilding and is third in the production of crude steel. The Japanese worker's standard of living has reached unprecedented heights, and is approaching that of France and West Germany. In February, 1964, 81.7 per cent of all farm families and 92.9 per cent of all city families owned television sets, a rate of ownership exceeded only by the United States. Forty-seven per cent of farm families and 72.2 per cent of city families owned electric washing machines.

The rise in the standard of living is the more remarkable when one considers that the population of Japan grew from 73 million in 1940 to over 98 million in 1964, and that all of Japan's extensive foreign possessions and investments were lost as a result of World War II. However, lest one overestimate the extent of the Japanese economic miracle, it should also be remembered that the total gross national product of Japan (\$69.5 billion in 1964) is only about one-ninth of that of the United States (\$628.7 billion in 1964). The Japanese still have far fewer automobiles per person than do the French and Germans.

The postwar recovery of Japanese enterprise was, in its early stages, severely hampered by a shortage of capital. The taxation

and reform policies of the first few years of the Occupation wiped out some sources of capital. The capital levy, the cancellation of war pensions, the cancellation of war indemnities, the land reform, price controls, the breakup of the *zaibatsu*, and the demands of the labor unions kept down profits which might otherwise have been invested. Japanese business therefore resorted to borrowing money from banks to an unusual extent. This expedient was encouraged by the Occupation with the establishment of the Reconstruction Finance Bank, but this bank was only one of many which, with government encouragement and support from the Bank of Japan, channeled capital funds to Japanese industry. Since the war, the annual rate of savings and capital formation has averaged about 25 per cent of the national product. The thrift of the Japanese people has played a prominent role in the economic miracle. The experience of Japan with rather unusual credit devices in the postwar economic reconstruction is, of course, being drawn upon as Japan assumes a greater share in the economic development of South Asia.

The structure of the Japanese economy has changed. Agriculture, so significant in the prewar period, in 1963 accounted for only 9.2 per cent of the national income, and only 28 per cent of the working population. There has been, in industry, a very notable shift of emphasis from textiles and other light industrial items to heavy industry, and this shift is reflected in Japan's foreign trade. Japan, of course, continues to rely on foreign trade for essential raw materials, such as raw cotton and iron ore, and for food imports. Although there has been a substantial revival of several of the principal prewar *zaibatsu* monopolies, the share of the economy controlled by *zaibatsu* is substantially smaller than it was in the prewar era, the *zaibatsu* own a smaller part of industry, the ownership and control of the economy is more diffused, and there is more competition than before.

GOVERNMENT "PLANNING"

The importance of planning in Japanese economic life should be emphasized. The

Japanese economy, like the American and West German, is primarily based on private enterprise. However, the Japanese government has traditionally intervened to give special direction to economic development, as when it fostered industrialization in the late nineteenth century and the expansion of heavy industry and munitions manufacture in the 1930's. In the postwar period, the government's "plans" do not represent direct government regulation or compulsion, but are primarily predictions of and goals for the nation's future economic development. These predictions, however, are in some measure self-fulfilling, because they are used as a guide by governmental and private banks in making industrial loans and are consulted by industry in its planning.

In the past decade, the Japanese economic plans (unlike those in Communist countries) have proved to be not sufficiently optimistic, and economic expansion has overtaken the plans at a notorious rate. For example, the government's Five Year Plan, drawn up in 1957, was for the most part attained by 1959. The Ikeda government in 1960 therefore drafted its famous ten-year plan for "Doubling the National Income." Put into effect the following year, this plan was obsolete by 1965, as the economy continued to expand more rapidly than projected. The resultant "overheating" has been characterized by price inflation, a chronic labor shortage, overproduction of some items, excessive plant expansion and a depressed stockmarket. The cyclical factors which underly these phenomena are the subject of much debate among economists, businessmen and politicians; in the meantime the economy continues to grow.

In 1955, Japan began payments of war reparations to Burma and in later years, to the Philippines, Indonesia and South Vietnam. The cost of reparations, to be paid in kind and services, was as follows:

Burma	\$ 200 million
Philippines	\$ 550 million
Indonesia	\$ 223.8 million
Vietnam	\$ 39 million
Total	\$1,012.8 million

By February, 1965, the \$39 million owed Vietnam had been paid. Most of this was applied to the construction of the Danim Dam, northeast of Saigon. Other projects were the construction of a paperboard manufacturing plant, a forging plant, and a plywood manufacturing plant, the salvage of sunken ships, and the surveying of irrigation projects. In April, 1965, Japan completed the payment of reparations to Burma. About half the reparations to Indonesia and two-thirds of the reparations to the Philippines remain to be paid.

Laos and Cambodia renounced the right to reparations, and instead they have been receiving outright grants, totalling about \$3 million and \$4 million respectively.

JAPAN'S AID PROGRAM

Japan began her aid program in earnest as an organized activity in 1958, by granting a yen loan equivalent to \$50 million, to the government of India. Subsequently she has joined the international consortiums which have been making loans to India and Pakistan. The Foreign Office, the Ministry of Finance, and the Ministry of International Trade and Industry (MITI) organized divisions and sections to deal with "economic cooperation" activities. In 1960, a new agency, the Overseas Economic Organization Fund, was set up to coordinate and supplement the foreign cooperation activities of the Export-Import Bank of Japan.

In 1963, Japan joined the Organization for Economic Cooperation and Development (O.E.C.D.), whose membership had hitherto been confined to Europe, the United States, and Canada. The member states of the Development and Aid Committee of the O.E.C.D. have been carrying out aid programs. In 1964, Japan rated fifth in the O.E.C.D. in the amount of foreign aid which she had extended (\$245.1 million) being exceeded by the United States, France, England and West Germany. The 1964 figure for Japan accounted for 0.45 per cent of the national income and included \$62.9 million in reparations, \$5.8 million in technical assistance, \$127.1 million in long-term credits,

and \$39.6 million in foreign investments.

Japan's habit of including reparations figures in computing her foreign aid total has understandably been subject to criticism, on the ground that reparations are not aid in the positive sense, because they represent the payment of an obligation. This issue is important, because over one-fourth of Japan's foreign aid in 1964 represented reparations. In the years 1961-1964 Japanese aid to developing countries was distributed as follows:

Africa	\$ 21.1 million
Asia	\$ 674.3 million
Europe	\$ 21.4 million
Latin America	\$ 289.0 million
Near and Middle East	\$ 114.8 million
Oceania (Australia, New Zealand)	\$ 3.1 million
Total	\$1123.7 million

The current extent of technical cooperation is roughly as follows. The Ministry of International Trade and Industry (MITI) in 1964 sent 8 survey missions to developing countries (including 4 missions to Southeast Asia) to advise on economic development. Ten missions have been projected for 1965. The Ministry of Foreign Affairs sent out 10 similar missions in 1964 (including 5 missions to Southeast Asia) and projects 10 in 1965. These missions were concerned with investigating the proposed construction of a harbor at Pnom-Penh, Cambodia, a canal in Iraq, and an underseas cable for Pakistan. The missions sent out by the two ministries went on the request of the governments of the receiving countries. In addition, private parties interested in foreign investment in underdeveloped countries sent 17 missions abroad (9 of these to Southeast Asia) in 1964, and 20 such missions are expected in 1965.

In 1964, also, 753 foreigners came to Japan for technical training with government sponsorship; 910 are expected in 1965. In 1964, 428 additional foreign trainees were trained at centers in Tokyo, Yokohama, and Osaka. In addition to the survey missions, technical experts dispatched abroad by the Japanese government numbered 91 in 1964 and will

probably number about 147 in 1965. As of June, 1965, there were 17 technical training centers operating abroad, and more are planned. There are, in addition, the Indian Small Industry Technological Center, the East Pakistan Agricultural Technology Training Center, and a Virus Research Center in Thailand. The data given here can little more than suggest the number and variety of Japan's projects in technical cooperation.

The Overseas Technical Cooperation Agency (O.T.C.A.) was established in 1961 under the supervision of the Ministry of Foreign Affairs and is primarily responsible for coordinating technical cooperation programs of the Japanese government. Other ministries, foreign governments, and the United Nations and other international organizations (including the Colombo Plan Bureau and the Asian Productivity Association) communicate their views to the Ministry of Foreign Affairs. The training programs are carried out by O.T.C.A.'s International Center at Tokyo, the O.T.C.A.'s Ibaraki International Agricultural Training Center, the O.T.C.A.'s Nagoya International Training Center and the O.T.C.A.'s Misaki Fisheries Training Center. In addition, public institutes, semi-governmental organizations, and the factories, offices and institutes of private firms participate in technical training.

The peak year of Japan's foreign aid was 1961, when \$365 million (0.97 per cent of Japan's national income) was committed to that purpose. Since then, aid has been declining so that in 1964 it amounted to \$24 million (0.45 per cent of the national income).

JAPAN AND KOREA

The decline of foreign aid since 1961 evidently stems in part from the problem of Japan's relations with her former possessor Korea. Korea is Japan's closest neighbor and even before the Japanese annexation of Korea in 1910 economic relations between the two countries had been particularly close in part because of the complementarity of their economies, the one industrial, the other

ricultural. Since achieving independence in 1945, Korea has claimed that very substantial reparations are due her for the economic and moral damage resulting from Japanese imperialism. Furthermore, the Koreans have been worried that the establishment of close economic and political links would result in a revival of Japanese dominance over the economic and political life of their country. The South Korean government, in enforcing the "Rhee line," has not allowed Japanese to fish in the high seas off the Korean coast. The willingness of the Japanese government to permit the repatriation of Koreans residing in Japan to Communist North Korea has been taken as evidence of the indifference of the Japanese to the welfare of the Korean people.

The Japanese-Korean antagonism has been of particular concern to the United States, which has assumed much of the responsibility for the defense and economic reconstruction of the two countries. The Japanese have regarded Korean demands for the "normalization" of Japanese-Korean relations as excessive. The Japanese have evidently felt that if they greatly expanded foreign aid to other countries before settling with Korea, the demands of the Koreans would become even higher. The foreign aid program of Japan has, as a consequence, been held up until a satisfactory settlement with Korea could be reached.

In the summer of 1965, after years of false starts, emotional flare-ups and street demonstrations, an overall agreement between Korea and Japan was finally achieved. As anticipated, the settlement was far from satisfactory because of the political opposition in Korea, which boycotted the Assembly session that approved the treaties involved. Strong measures had to be taken by the Korean government to quell the violent protest demonstrations by students. The political left in Japan also opposes the settlement, claiming it is provocative towards North Korea and Communist China, but the agreements will in all probability be approved by the Japanese Diet. Under the terms of the settlement, Japan would provide some \$800 million to Korea,

including a \$300 million grant, \$200 million in government loans, and \$300 million in commercial and private loans. This capital and the technology accompanying it, it is hoped, will stimulate South Korea's economic development by helping create new industries and expand and modernize existing industries, such as fisheries. At the same time, Korea has the labor and market potential to justify Japanese investment in Korean and joint-venture projects.

Now that the Korean question has been essentially resolved, Japan's foreign aid program has taken on a new spurt. The Japanese have recently felt free to grant to Taiwan \$150,000,000 in long-term credit and deferred payment loans. Foreign Minister Etsusaburo Shiina told the Japanese Diet in July, 1965, that the Japanese government hoped to expand Japan's financial and technical cooperation with the developing nations, particularly in Southeast Asia, so that one per cent of the national income would be earmarked for this purpose.

ASIAN DEVELOPMENT BANK

The proposed Asian Development Bank and the one billion dollar Southeast Asian development program suggested by United States President Lyndon Johnson in April, 1965, are of special importance in Japan's plans for the future. These matters were discussed by the cabinet-level United States-Japan Joint Committee on Trade and Economic Affairs in Washington, D.C. in July. Japan has already pledged to subscribe \$200 million of the \$1,000 million total quota of the Development Bank. The location of the headquarters of the bank is becoming a subject of rivalry among Japan, the Philippines, Thailand, Malaysia and Iran. Japan's desire for the governorship of the bank is strongly contested, especially by India, but it appears likely from some reports that Japan would give up the governorship in order to gain support for establishing the headquarters in Tokyo.

The Japanese government has been preparing to hold a cabinet-level conference of the Southeast Asian countries, and has in-

vited representatives from Burma, Cambodia, South Vietnam, Indonesia, Laos, the Philippines, Malaysia and Thailand. It is especially important that Burma and Cambodia agree to attend, since their presence would ensure the "neutrality" of the conference necessary to the participation of Indonesia. In connection with President Johnson's proposals for Southeast Asian development, Japan has already begun negotiations with Laos to contribute \$7 million (in a long-range "soft loan" or outright grant) to the building of a dam on the Nam Ngum River. The United States has already indicated its willingness to contribute 50 per cent of the cost of this project, which is being pushed by the Commission for Coordination of Investigations of the Lower Mekong Basin, an organ of the Economic Commission for Asia and the Far East (ECAFE) of the United Nations. In addition, the Foreign Ministry is expected to seek an appropriation of about 500 million yen (approximately \$1.4 million) as an initial outlay for the establishment of a Mekong River Development Center. Although Japan has set up a number of technical assistance centers in Southeast Asia and elsewhere, this would be the first multinational center. It would serve 80 trainees, or 20 each from Laos, Cambodia, Vietnam and Thailand. Courses would concern water resources utilization, geology, basic mechanics, road and dam building, and agriculture. The center would be managed by the ECAFE committee on the development of the Mekong River.

The Japanese prefer that insofar as possible their aid be in the form of capital goods, so that long after the aid is granted the plants will continue to produce. It is also Japanese policy to send technicians, whose services are included in the price of the plant, to see to it that the plant is in effective operation.

Japan's foreign aid program is particularly aimed at Southeast Asia. The most obvious reason for this is territorial propinquity. Japan is the only modern industrialized nation in Asia, and she is keenly aware of her historical and cultural connections with Asia and her past, present and potential commer-

cial ties with Asia. All of Japan's reparations payments have been going to Southeast Asia and they have tended to soften somewhat the lingering resentment against the Japanese invasion in World War II and to attract the people to economic cooperation with Japan. The poverty of Southeast Asia is a principal impediment to an enlargement of Japanese trade in the area, and some of the aid projects are directly associated with the improvement of the production of essential raw materials which may be exchanged for Japanese manufactures. Thus far, however, most of Japan's raw materials have been imported from the developed countries, and it will probably be difficult to open up new raw materials sources on a large scale unless they pay commercially. Some Japanese aid has been going to the Middle East, Asia and Latin America, but Japanese resources are limited and it is desired not to fritter away aid on a large number of inconsequential projects.

The financial aid extended by Japan is tied to purchases in Japan. This proviso is made necessary by Japan's shortage of foreign exchange and her balance of payments difficulties. Aid is extended in terms of yen. The effect of yen payments has an inflationary effect on the Japanese economy without necessarily improving Japan's exchange position. The provision that the funds loaned be spent in Japan does not necessarily work a hardship on the recipient, because, as a rule, Japanese goods are cheaper than the products of other advanced countries. Furthermore, Japanese firms bid against one another for the orders stemming from aid programs.

It might seem to the foreign observer that foreign economic aid would provide an outlet for Japanese idealism. The Japanese mentality tends towards pacifism and neutralism as a result of the disasters of World War II, including the atom-bombings of Hiroshima and Nagasaki. A policy by which Japanese security and other international aims may be achieved by peaceful methods rather than by military means would seem attractive not only to Japan's neighbors but also to the Japanese themselves. Unfortunately, how-

er, the neighbors still have lingering suspicions of what the Japanese are up to, fearing a possible revival of Nipponese imperialism and militarism. And in Japan, many of Japan's foreign economic policies, including reparations, have been subject to intense criticism because of their implications for the cold war. By extending aid to South Vietnam rather than North Vietnam, and South rather than North Korea, the pro-American conservative governments in Tokyo have been accused of using the reparations and aid programs as means of carrying out United States imperialist schemes rather than aiding the peoples of Asia. It would seem, however, to be possible to give aid to anyone without incurring charges of favoritism from those who regard themselves more deserving or from those in the political opposition in Japan who advocate a different orientation in the cold war. To aid Communist countries would, of course, run counter to Japan's policy of alliance with the United States. Japan's modest but rapidly growing trade with Communist China is sufficiently risky so far as relations with the United States are concerned without incurring further disfavor in Washington by more actively aiding the Communist states with which the United States is, or has been, at war. The United States is far and away Japan's best customer, and it would be folly to endanger such a profitable commercial relationship just to achieve a more "neutral" foreign economic policy.

The administration of Japanese foreign aid is less centralized than that of American foreign aid. There appear to be several reasons for this. First, the philosophy and purposes of Japanese economic cooperation are less clearly defined. For example, the highly charged emotional questions relating to economic cooperation with Korea mean that the Koreans and Japanese tend to regard the cooperation differently: to Korea the purpose is reparation for past injuries and injustices; to Japan, the aid is in the nature of a grant to the Koreans accompanying the grant of independence. By decentralizing the administration of foreign aid

among different ministries, it is possible, for example, for the Foreign Ministry to disclaim responsibility for a Finance Ministry policy which a foreign state finds objectionable. An obvious advantage of aid arranged on a multilateral basis, e.g., through a United Nations agency or an international bank, is that then Japan is less vulnerable to charges of favoring one recipient over another or of attempting to influence unduly the politics of the recipient.

It would seem that in the long run Japan, whose economy is based upon the capitalistic profit system, will make a greater contribution to Asian development by the normal expansion of commerce in that area than by purely eleemosynary gestures, but it cannot be denied that certain types of aid, especially in the development of capital resources, will contribute to the growth of normal commerce.

The rapidly increasing Japanese trade with mainland China and the growing competition of mainland Chinese goods with Japanese goods in Southeast Asia will no doubt have significant consequences. The socialist economy of China and the large role of governments in the economic development of Southeast Asia may necessitate the continuance of active Japanese governmental participation in Japan's economic relations with Southeast Asia. Japan cannot ignore her traditional Asian markets and sources of raw materials. The worrisome discrimination against Japanese goods in the industrialized countries of the West and the rise of trading blocs such as the European Common Market necessitate the further development of Japan's economic relations with her neighbors in Asia.

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Because of "Communist subversion of the South Vietnamese government," as this author sees it, "By 1965, the emphasis [in United States foreign aid] was once more on measures of an emergency nature." Once more, economic development is not so important as measures of an emergency nature aimed at survival for South Vietnam. In the words of this specialist, "... American aid appears ... to have come full circle."

American Aid to Vietnam

By WESLEY R. FISHEL

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IN THE STRICTEST SENSE, American aid to Vietnam might be said to be in its sixteenth year. For it was in May, 1950, that the Griffin Mission was dispatched to the Associated States of Indochina, recommended assistance to the French in their war against the Communist-led Viet Minh, and prepared the way for the expenditure of our first \$44 million in aid money to that area. Now, a full 15 years and \$5 billion later, the American aid program in Vietnam has become this country's largest and most critical involvement of its type in the world.

Foreign aid is an instrument of foreign policy. This simple fact has been at the core of many controversies and misunderstandings concerning the United States aid program. For in its initiation and its implementation since the early days of the Marshall Plan in 1947, foreign aid has been seen variously by different people as an act of humanity, a measure of reconstruction, or an instrument of national interest.¹

In the case of Vietnam, it has been all of these. Begun initially in 1950 with funds left over from the huge postwar program of assistance to Nationalist China, American aid has carried the complexion of humanitarian

relief in that much of it was given for immediate assistance to people suffering from the ravages of war. At the same time, since it was given through the French rulers of the three colonial territories of Vietnam, Cambodia and Laos, and included a significant measure of military support, it also partook of a quality of national interest and was clearly related to United States foreign policy as a whole. For this was the period in which open conflict with Communist states began. On June 25, 1950, Communist North Korea had invaded the Republic of Korea to the south, and American armed forces, acting in the name of the United Nations, had come to the defense of the South Koreans.

Even as the fighting mounted in South Korea, the United States was aware that along the frontiers of North Vietnam, mainly in the province of Yunnan, some 250,000 Chinese Communist troops were stationed and (it was then feared) poised for immediate attack toward the south. Although the threatened invasion never occurred, Communist China did lend important assistance to the Viet Minh forces in Indochina, with major shipments of materiel and substantial technical assistance as well. The United States, whose interest in the French colonies of Indochina had at first been of purely secondary character and had leaned toward

¹ A useful symposium on the "why" of overseas assistance is Robert A. Goldwin's (ed.), *Why Foreign Aid* (Chicago: Rand McNally & Company, 1962).

support for the anticolonial nationalists fighting under Communist leadership in the Viet Minh, shifted sharply to full military and economic assistance to the French. For while American policy-makers had severe misgivings about the purity of French motives and considered that the only real solution to the conflict in Indochina lay in granting independence to its subject peoples, the presence of Communist power on Vietnam's northern frontiers loomed ominously in their minds and came finally to dominate their thinking and their planning.

By 1953, what had begun in a haphazard fashion and without plan four years earlier had become a major and costly program of military assistance and economic aid. In its *Activity Report* for 1951-1953, the Special Technical and Economic Mission to the Associated States of Indochina stated the United States purpose for being there as stemming from the fact that Indochina constituted "the key to all of Free Asia." It then continued:

It is in the interest of the United States to prevent by all available means these states from falling to the Communist bloc, since defeat here would foreshadow defeat in surrounding areas and undoubtedly engender the loss of Southeast Asia. In such eventuality, it is probable that all of Asia would succumb.²

One may discern in this statement an early and simplistic rendering of the "falling domino" concept, later enunciated publicly by President Dwight Eisenhower. The report continued, however, with a second paragraph which is especially striking given the problems and solutions which have regularly been discussed since that day.

The tremendous struggle in Indochina has been going on for more than 6 years. It is becoming increasingly apparent that, in order to achieve a decision, it will be necessary not only to strengthen the military effort of the Associated States and the French, but further to develop in the Indochinese peoples the will to fight and to support their governments. Thus the problem is not purely a military problem. The solution is not purely a military solution. What is needed

here is simultaneous military, political, and economic action.

To this end, STEM saw its responsibility in five areas:

1. To increase government effectiveness and broaden popular support;
2. To help create a political, economic and social atmosphere which would "appeal to the individual and fire his self-interest in support of his government";
3. To assist military action by economic support;
4. To increase production, particularly in agriculture;
5. To maintain supplies by bringing in items for which foreign exchange was short.

The major difficulty, however, lay in the fact that France, while desiring American aid, did not wish partnership. Thus, the United States accepted a contributory role in a French colonial war (with whose objectives it was scarcely in sympathy) to prevent the achievement of Vietnamese, Cambodian, and Laotian national independence, but did not at any point prior to the final defeat of French arms secure even a minimum voice in deciding how that war should be fought or might be won.

GENEVA, 1954

By the time that the conference of great powers met at Geneva in April, 1954, it was painfully clear to all that France had to all intents and purposes lost the war and was seeking a way out. The Geneva Agreements of July 20-21, 1954, brought a temporary cessation of hostilities to the war-torn lands of Indochina and terminated 90 years of French domination of Vietnam, Cambodia and Laos. The legal achievement of independence for these peoples did not come, however, until December, 1954, when France formally conceded that status to them.

The United States position in the Geneva negotiations was at best equivocal. Participating, yet firmly determined not to agree to a "Munich" type of agreement, the American delegation refrained at the close of the conference from signing the accords. United States policy at this time was twofold: to

² Special Technical and Economic Mission to Cambodia, Laos and Vietnam (STEM), *Cumulative Activity Report to June 30, 1953* (Saigon, 1953), p. 6.

deny control of Southeast Asia in general and of South Vietnam in particular to the Communist world, and to attempt to develop a viable and friendly government in that part of Vietnam which remained attached to the Free World. The area was considered then, as now, to be one of vital interest and major importance to the United States, and while the United States had no specific formal commitments to Vietnam at that time which bound it to the defense of Vietnam's political or territorial integrity, there were a number of explicit and implicit American commitments which bore upon this assumption of responsibility and consequent involvement. In addition, the United States had made a major financial contribution to the French prosecution of the war in Vietnam (\$4.2 billion) between 1950 and 1954, and was loathe to see this stake lost unless the situation were indeed irretrievable—which American policymakers were reluctant to concede.

A NEW ADMINISTRATION

With the close of the Geneva Conference, a new administration in Saigon, under Catholic nationalist Ngo Dinh Diem, faced a galaxy of seemingly insoluble problems: housing, feeding, clothing and rendering self-sustaining some 860,000 refugees from the Communist areas in the north; governing with a bureaucracy that had been virtually paralyzed by the confusion and chaos of eight years of civil war; reasserting central government authority over vast stretches of territory which had been ruled for years by the Communists or which were even at that moment under the sway of the Cao Dai and Hoa Hao sects; coping with the problems of economic dislocation resulting from the wartime flight from the southern countryside to the cities of more than one million peasant families; reorganizing the national army and provincial defense forces, which had been defeated along with the French; finding funds (at a time when the national income had virtually disappeared) so that governmental programs could go forward and services be brought to the population. The tasks were enormous, and the means at hand were slight.

With the end of French colonial rule, the Vietnamese turned to the United States for both aid and support. STEM, which had worked modestly and cautiously through the French, was at this point transformed into a large United States operations mission (the designation for aid missions representing the Foreign Operations Administration of the United States government), and after January 1, 1955, it dealt directly with the Vietnamese. French influence over Vietnamese affairs diminished thereafter, and American responsibility began to assume substantial dimensions.

GOAL: SURVIVAL

Given the absence of technical, financial and military wherewithal on the part of the Vietnamese, the mere act of survival became an objective. More than that, survival was a major challenge to the combined resources of the new regime in Saigon and to its American ally, as well as a vital prerequisite to any program of development which might be contemplated. American aid thus became a primary instrument in South Vietnam's struggle for survival, filling as it did the vast gap between the Vietnamese government's capacities and its needs.

Apart from assistance in the restoration of internal security, through technical, financial and economic support of the Vietnamese national army and the national police and security services, which has at all times been the largest component of American aid programs in South Vietnam, the major preoccupation of the United States during the early days of the Diem period was the reception and resettlement of the refugees from Communist North Vietnam. Skilled advice and financial assistance was proffered and accepted gratefully by the Vietnamese government, which thus was enabled to plan and program effectively for the resettlement of refugee families in hundreds of new villages across South and Central Vietnam, to aid them in the construction of new homes and villages, and to find gainful employment or otherwise develop self-sustaining economic programs. The Vietnamese government at this time organized its

refugee programs under a Commissariat General for Refugees, bringing together under one coordinator all administrative operations of a relevant nature.

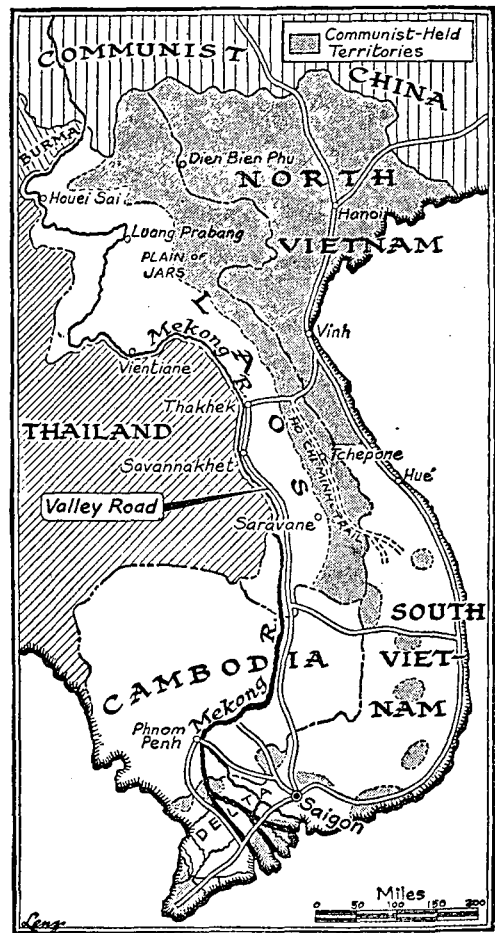
This temporary administrative agency became a model of efficiency in a generally apathetic and tradition-bound bureaucracy. The handling of the refugees, furthermore, gave a psychological shot in the arm to the Vietnamese government, and many observers consider that it was the stimulus needed to keep the government alive and to enable it to begin treating more routine kinds of problems with effectiveness.

The accomplishment of Vietnam independence from France was one of Ngo Dinh Diem's first acts. A slow and complex process, this involved transferring military, legal, economic and monetary authority from the French to the Vietnamese and was completed in December, 1954. Nonetheless, financial independence was not matched in the military sphere until April, 1956. France continued to subsidize the private armies of Cao Dai, Hoa Hao, and Binh Xuyen (then opposing the Saigon government) until March, 1955, and the French High Command in Vietnam continued to operate until a year after that.

With independence came new problems, some of emergency character, some of more lasting nature and import. Most were dealt with on an *ad hoc* basis during those early years, for the United States at that time still had no expectation that it was going to be involved in the little Southeast Asian republic over a period of many years. Planning was not a concept that was then acceptable to the Foreign Operations Administration (nor its successor agency, the International Cooperation Administration). Such industrial growths did occur resulted from occasional spurts of initiative, prompted by recognition of the fact that an independent Vietnam had different economic and industrial needs and problems than had been the case when the land was a colonial possession of France.

ECONOMIC PROGRESS

Some noteworthy economic steps were, however, taken between 1954 and 1961, prin-



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VIETNAM

cipally through American aid cooperation. The transportation system, for example, was almost entirely rebuilt, including a main railway line running 700 miles north from Saigon to the demarcation line at the seventeenth parallel, and a reconstructed highway network. Rice production was stimulated to the point that South Vietnam exceeded by 40 per cent its prewar annual average production of 3.5 million metric tons of paddy. Rubber production exceeded prewar totals. A number of small and medium-sized manufacturing plants were built, forming a modest base for planned industrial growth and bringing into the Vietnamese economy a mixed cluster of Vietnamese and foreign investors linked in

their enterprises by participating Vietnamese government capital. An extensive agrarian reform program was undertaken by the Vietnamese government, which ultimately resulted in nearly 300,000 peasant families receiving titles to land or being authorized to homestead on abandoned land. Japanese reparations provided a large hydroelectric plant on the Ca Nhim river in South-Central Vietnam, which has more than doubled Vietnam's electric power capacity.

SOCIAL WELFARE

Social welfare, too, received a substantial share of American aid attention. Teacher-training was a fundamental area of Vietnamese-American cooperation, as was the building of classrooms, with the result that between 1954 and 1961, school enrollments increased from about 400,000 to nearly 1,500,000, while the number of primary school teachers was increased from 30,000 to nearly 90,000. Public health measures involved the establishment of more than 12,500 village and hamlet aid stations and maternity clinics throughout the country, and a malaria eradication program which sprayed systematically and repeatedly more than 2,000,000 homes and succeeded in bringing down the incidence of this endemic disabler from 7.22 per cent in 1958 to 0.77 per cent in 1962.

Over the years, as American aid committed more than \$2.1 billion in economic assistance to Vietnam between 1954 and 1964, the number of American personnel in the country steadily increased until, by 1965, there were nearly 700 aid personnel directly employed in Vietnam. "Economic assistance" ceased to be the principal category of aid, after the resurgence of Communist subversive warfare after 1958. In its place, "counter-insurgency" assistance programs were formulated, to support directly the war and security efforts of the Vietnamese in rural areas. And "commercial import" programs, which provide funds for the purchase of essential commodities such as medicine, machinery, trucks, steel, fertilizer, and cement, played a major role. A smaller percentage of American aid went into purely technical assistance, intended to create

the human and institutional resources needed to sustain Vietnamese freedom through the training of government workers in the fields of education, health, public administration, public works, and the like.

The much discussed and criticized "strategic hamlet" program (renamed the "new life" hamlet program after the overthrow of the Diem government in November, 1963) was a principal focus of American technical assistance from 1962 on. Communist insurgency had created acute conditions of insecurity in the countryside of South Vietnam, and a program was organized to create as many as 11,000 defended hamlets for protection of the peasantry. Unfortunately, it was overzealously and clumsily administered by the Diem government, and ultimately failed to achieve its purpose.

It was in this context, however, that American aid first began to be delivered to the Vietnamese peasantry without passing in all cases through the intervening Vietnamese government hierarchy. Carefully planned projects were developed between Vietnamese and American authorities for integrated pacification efforts, involving security activities, administrative arrangements, psychological efforts, and economic and social programs. Civic action (self-help) programs were undertaken on a large scale. Yet so great was the strain imposed by growing Communist-directed insurgency, and so intrinsically weak was the central Vietnamese government, that advisors representing American aid programs in the rural provinces found during 1963 and 1964 that their geographical horizons of activity were becoming increasingly restricted. By the spring of 1965, less than 50 per cent of the Vietnamese countryside was generally available for aid operations, and in many areas token assistance at best was all that could be undertaken.

Disastrous floods in Central Vietnam in the autumn of 1964 brought tens of thousands of peasants into the cities and towns of Central Vietnam seeking refuge. This influx coincided with and was followed by an ever larger movement of humanity. In the presence of ever-intensifying Vietcong terrorism

and the concomitant trauma of war, nearly 100,000 peasants and their families fled villages and isolated hamlets in the hinterlands, and sought shelter and help in the cities and towns of the Central Vietnam plain. This second major mass uprooting of Vietnamese peasantry has brought grave political, administrative, economic and social problems to the government of Vietnam. It offers a major challenge to that government and its American ally which, if successfully dealt with, could redound to the credit of Saigon, but which is also fraught with the most serious of consequences in the event that it is not dealt with effectively.

Although long-range economic planning had never been a significant feature of the American aid effort in Vietnam, after the Diem regime had consolidated its control in 1956 some thought was given to the problems of economic development. It was understood that Vietnam's agricultural base was, by Vietnamese and American agreement, a priority area for systematic development. A number of new crops, including kenaf and cotton fibers, were introduced and added a degree of supporting sustenance. Some 700 factories of varying sizes were established. Improved municipal water systems and a number of thermal and diesel powered electric installations were provided. And in all, an encouraging start was made on the development of what would become, hopefully, a stable economy.

This promising start, however, was rendered virtually meaningless by the onset of the Vietnamese Communist subversion of the South Vietnamese government. By 1965, the emphasis was once more on measures of emergency nature. Survival once more became the primary objective. Restoring government services, which had been terminated because of insecurity and war hazards, was once more a high priority target. And American aid appeared at the time this article was written to have come full circle. An enormous augmentation in American military strength in Vietnam (from approximately 100 advisory personnel in 1960 to more than 30,000 advisory and combat troops by Sep-

tember, 1965) has changed the nature of the war in that country and the character of the aid effort.

The war in Vietnam is now clearly understood to be an essentially political struggle in which the support of the people is a principal objective for both sides. Consequently, aid to the peasantry has become a prime element in the United States approach. The deterioration of the military situation during the years from 1960 to early 1965 brought serious reverses, loss of territory and persistent political instability which prevented the attainment of many physical and political objectives of American aid. Although the military side of the war occupied much of the attention of United States and Vietnamese officials during this period, recognition of the political lacunae in the struggle caused increasingly vigorous efforts by aid officials in particular to achieve a satisfactory balance between military, economic, social, and political measures.

Fundamentally, it is now accepted doctrine that elementary social justice is an element that has frequently been lacking in Vietnam, and that this gap must somehow be repaired. At the same time, the dynamic political activity that is necessary to the achievement of social justice requires corollary economic and social assistance. But if any or all of these measures are to be effective or sustained, there must be continuing physical security against the Vietcong. The vicious circle is a continuing dilemma for United States officials as well as for the Vietnamese themselves. Yet without some resolution of this dilemma, a successful outcome to the struggle in Vietnam is hard to visualize.

Wesley R. Fishel was an adviser to the prime minister of Vietnam in 1955, and chief advisor to Michigan State University's Vietnam Project in Saigon in 1956-1958. In 1961-1962, he was a Guggenheim Fellow. From 1952 to 1956, Mr. Fishel was a consultant to the Foreign Operations Administration. He is the editor of *Problems of Freedom: Vietnam* (New York: Macmillan, 1961) and author of other works on Asia.

BOOK REVIEWS

ON ASIA

ADVENT OF INDEPENDENCE. By A. K. MAJUMDAR. (Bombay: Bharatiya Vidya Bhavan, 1965. 427 pages, bibliography, index, Rs. 20.)

This book is an account of India's constitutional progress from 1861 to independence. The author has drawn on unpublished correspondence between the secretaries of state for India and the viceroys. Appendices (the last 100 pages) contain previously unpublished documents, mostly correspondence between K. M. Munshi and British officials.

Donald E. Smith
University of Pennsylvania

BRITISH DOMINION IN INDIA AND AFTER. By V. B. KULKARNI. (Bombay: Bharatiya Vidya Bhavan, 1964. 452 pages, index, Rs. 20.)

In 261 pages the author traces the major developments in India's political history from the sixteenth century to independence; the remaining pages are devoted to political and economic developments since 1947. Separate chapters deal with India's relations with Pakistan, the Kashmir dispute, and the Sino-Indian conflict. The author has relied almost entirely on secondary sources, and offers little that is new in interpretation.

D. E. S.

INDIA AND THE COMMONWEALTH: 1885-1929. By S. R. MEHOTRA. (New York: Frederick A. Praeger, 1965. 287 pages, bibliography, index, \$8.50.)

In this carefully documented study the author traces the development of the idea of the Commonwealth in India. Among other things the book helps to explain the background of India's continued membership in the Commonwealth, despite the

intense nationalist sentiment which characterized the freedom struggle. It is a valuable contribution to the history of modern India.

D. E.

POLITICAL BEHAVIOUR IN INDIA: CASE STUDY OF THE 1962 GENERAL ELECTIONS. By V. M. SIRSIKA. (Bombay: Manaktalas, 1965. 276 pages, index, Rs. 20.)

Title and subtitle notwithstanding, the book is a very useful study of the four constituencies of one city, Poona, during the 1962 elections. The author discusses the parties which contested, the methods employed in the campaign, and the background of the candidates, but the most important part of the book is an analysis of interviews of 1,500 Poona voters.

D. E.

PAKISTAN. By DONALD N. WILBER, in collaboration with Donald Atwell, Lela Dushkin, Henry Goodnow, Ruth Horin, Muhammad Hussain, Mary Jean Kennedy, Alice Tyrner, Stanley Maron, Thomas Wise. (New Haven: HRA Press, 1964. 487 pages, \$8.75.)

Pakistan is the thirteenth in a series of country studies sponsored by the Human Relations Area Files as part of its *Survey of World Cultures*. As in earlier volumes the authors have set out to write a comprehensive reference work, covering a wide range of subjects relevant to an understanding of Pakistan's people, society and culture, by collating and synthesizing "the best and most authoritative materials available in the United States and abroad." Included in this work are discussions of traditional social structure, religion, literature and art, as well as contemporary problems of political stability and economic growth. The result is an extremely valuable

able source book for the general reader and for the student of Pakistani affairs. In this connection, special note should be made of the selected bibliography and the large number of statistical tables with information on population growth, linguistic patterns, educational and medical facilities, governmental structures, and economic conditions in the country.

Francine Frankel
University of Pennsylvania

THE UNITED STATES AND JAPAN. BY EDWIN O. REISCHAUER. (Cambridge, Mass.: Third edition, Harvard University Press, 1965. 396 pages, index, \$6.50.)

Ambassador Reischauer has rewritten and updated Part V of this important and well-known book, masterfully surveying the course of dynamic changes in postwar Japan. The remainder of the book, dealing with the physical setting, the Japanese character, and the Occupation, is unchanged. The ambassador strongly urges his readers to pay closer attention to the Japanese scene, asserting that "Chinese Communist hostility and Southeast Asian crisis are matters of less serious consequence to the United States and the rest of the world than Japan's friendship or hostility." Although the author has some doubts about the stability of Japan's democratic and liberal institutions, he voices strong optimism about Japan's future.

Chong-Sik Lee
University of Pennsylvania

IAN REVOLUTIONARY, THE LIFE OF SEN KATAYAMA. BY HYMAN KUBLIN. (Princeton, N.J.: Princeton University Press, 1964. xiii, 370 pages, \$9.00.)

Presented here is an absorbing story of an important, if tragic, Japanese revolutionary. Born the second son of a peasant family in the hills of southern Japan, Katayama (1860-1933) somehow struggled through secondary schools in Japan, Grinnell College in Iowa, and the famed

Andover Theological Seminary and Yale Divinity School. Later he became a Christian Socialist, a Marxist, and a Bolshevik. He originated the modern settlement house movement in Japan, organized Japan's first trade unions, and participated in the organization of Japan's first Socialist party. Eventually, he went to Moscow, where he became a prime manipulator of the Japanese Communist party, Far Eastern expert for the Bolsheviks, and a senior statesman of the Comintern.

Professor Kublin masterfully traces Katayama's complex life and career, focusing in particular on his ideological growth. In doing so, Professor Kublin also illuminates many aspects of Japanese history, particularly its left-wing movement.

C. S. L.

RESEARCH IN JAPANESE SOURCES: A GUIDE. BY HERSCHEL WEBB, with the assistance of M. Ryan. (New York: Columbia University Press, 1965. 170 pages, bibliography and index, \$5.00.)

Teachers and students will find this small beginner's guide to Japanese bibliography very useful. The coverage and organization of the book are said to be closely patterned after the course in Japanese bibliography offered at Columbia University. In simple language, readers are directed to the basic English and Japanese sources and given answers to some of the questions most likely to arise for the student of Japan.

C. S. L.

AN INSTANCE OF TREASON: Ozaki Hotsumi and the Sorge Spy Ring. BY CHALMERS JOHNSON (Stanford, Calif.: Stanford University Press, 1964. 278 pages, glossary, bibliography, and index, \$6.50.)

One of the key members of the Sorge spy ring, which operated with great success in pre-World War II Japan, was Ozaki Hotsumi, a wealthy, socially prominent Japanese official who was also a member of the prime minister's inner group of ad-

visers. Chalmers Johnson has written an absorbing account of Hotsumi's involvement and activities. Based on all available documentation, the study is an astute blend of biography and political history. It will be of interest to all students of Far Eastern history and politics. A. Z. R.

HERE AND THERE

JUSTICE IN MOSCOW. By GEORGE FEIFER. (New York: Simon and Schuster, 1964. 353 pages, and appendix, \$5.95.)

This first-hand account of the operation of Soviet courts, and of the administration of justice for the common people, is absorbing, informative, and surprising. It provides more insights into the *actual* functioning of Soviet society at certain levels of reality than do most books on the U.S.S.R. This is a rich, revealing book. A. Z. R.

THE MODERN HISTORY OF SOVIET CENTRAL ASIA. By GEOFFREY WHEELER. (New York: Frederick A. Praeger, 1964. 259 pages and index, \$4.75.)

This is a very competent survey of an area still too little known outside of the Soviet Union. The author's detailed treatment of Central Asian history quite properly begins in the mid-19th century and his account of the Soviet period is greatly enhanced by a concluding chapter on the present state of the various cultures of the Central Asian nationalities. He does not attempt conclusive judgments either on the condition of national feeling and nationalism in the area, or on Soviet intentions regarding cultural development there. It is the observable long-range developments which occupy his attention rather than policies and motives. Colonel Wheeler, director of the Central Asian Research Center for a number of years and the author of a book on Soviet Moslems, has performed a useful service in writing

an introduction to his area that is neither too elementary nor too detailed.

Robert J. Osbo
University of Pennsylvania

IDEAS AND DIPLOMACY: READING IN THE INTELLECTUAL TRADITION OF AMERICAN FOREIGN POLICY. EDITED WITH COMMENTARY NORMAN A. GRAEBNER. (New York: Oxford University Press, 1964. 869 pages, index, \$12.50.)

This book of 180 readings focuses on the basic issues and important ideas that have influenced foreign policy, from colonial times to Senator Fulbright's March, 1960 Senate speech. The readings have been selected to illustrate the conflict between the traditional analytic approach, which views foreign policy as an instrument in the service of the national interest, and the ideological approach, which would make it an extension of the nation's social, political and religious values and beliefs. Professor Graebner introduces each of the book's twelve sections, major phases of American foreign policy, with a well-written interpretive essay. D. E.

THE CRISIS OF GERMAN IDEOLOGY BY GEORGE MOSSE. (New York: Grosset & Dunlap, 1964. 373 pages, notes and index, \$2.65.)

The most common explanation of the rise of German Nazism refers to the effect of repeated economic crises culminating in the great depression. In a dislocated society full of economically displaced persons, where the middle classes had lost their firm bases of their status, men and women who had nothing to lose harkened to the radical message of men and movements they would have ignored in stabler times.

Yet the economic collapse of Germany—the unemployment, the fall in productivity and national income, were less than in England or the United States. Why then

(Continued on page 307)

CURRENT DOCUMENTS

As a part of the program for peace in Southeast Asia that President Lyndon B. Johnson elucidated at Johns Hopkins University in April, 1965, the President, on June 1, 1965, sent a special message to Congress requesting additional United States funds for use in the economic and social development of Southeast Asia. This request was subsequently incorporated into the Foreign Assistance Act of 1965. The partial text of this special message and the complete text of the preliminary presidential statement follow:

Johnson on Southeast Asian Aid

PRESIDENTIAL STATEMENT

This afternoon I am sending the Congress a special message requesting an additional \$89 million dollars to help in the peaceful economic and social development of Southeast Asia.

This is another forward step toward carrying out my April proposal for a "massive effort to improve the life of man in that conflict-torn corner of our world."

We do not intend that the enemies of freedom shall become the inheritors of man's worldwide revolt against injustice and misery. We will lead in that struggle, not to conquer or to subdue but to give each people the chance to build its own nation in its own way.

My personal representative, Mr. Eugene Black, has already begun extensive and hopeful discussions with interested parties around the world. Thus the groundwork is being laid for a long-range development plan for all of Southeast Asia—led by Asians—to improve the life of Asians.

In South Vietnam brave and enduring people carry on a determined resistance against those who would destroy their independence. They will win this fight. And we will help them.

But there is another and more profound struggle going on in that country. It is the struggle to create the conditions of hope and

progress which are the only lasting guarantee of peace and stability.

The 16 million people of South Vietnam survive on an average income of \$100 per year. More than 60 per cent of the people have never learned to read and write. When disease strikes, medical care is often impossible to find. There is only one doctor for every 29,000 people compared with one for every 740 in the United States. This poverty and neglect take their inevitable toll in human life. The life expectancy is only 35 years—about half that in our own country.

These are the common enemies of man in South Vietnam. They were there before the aggressors struck. They will be there when aggression has gone. These enemies, too, we are committed to help defeat.

Today's request will be used to

- help develop the vast water and power resources of the Mekong basin;

- bring electricity to small towns in the provinces;

- build clinics and provide doctors for disease-ridden rural areas;

- help South Vietnam import materials for homes and factories.

In addition members of the American Medical Association have agreed to help recruit 50 surgeons and specialists to go to Vietnam to help heal the wounds of war as well as the ravages of unchecked disease.

This is a part of the beginning. In the future I will call upon our people to make further sacrifices. But this is the only way in which we can win—not only the military battle against aggression but the wider war for the freedom and the progress of man.

MESSAGE TO CONGRESS

To the Congress of the United States:

The American people want their government to be not only strong but compassionate. They know that a society is secure only where social justice is secure for all its citizens. When there is turmoil anywhere in our own country, our instinct is to inquire if there is injustice. That instinct is sound. And these principles of compassion and justice do not stop at the water's edge. We do not have one policy for our own people and another for our friends abroad.

A vast revolution is sweeping the southern half of this globe. We do not intend that the Communists shall become the beneficiaries of this revolt against injustice and privation. We intend to lead vigorously in that struggle. We will continue to back that intention with practical and concrete help.

In Southeast Asia today, we are offering our hand and our abundance to those who seek to build a brighter future. The effort to create more progressive societies cannot wait for an ideal moment. It cannot wait until peace has been finally secured. We must move ahead now.

I know of no more urgent task ahead. It requires more of us, more of other prosperous nations, and more of the people of Southeast Asia.

For our part, I propose that we expand our own economic assistance to the people of South Vietnam, Thailand, and Laos.

I propose we start *now* to make available our share of the money needed to harness the resources of the *entire* Southeast Asia region for the benefit of all its people. This must be an international venture. That is why I have asked Mr. Eugene Black to consult with the United Nations Secretary General and the leaders of the poor and advanced nations. Our role will be vital, but

we hope that all other industrialized nations including the Soviet Union, will participate

To support our own effort, *I ask the Congress to authorize and appropriate for fiscal year 1966 an additional \$89 million for the Agency for International Development for expanded programs of economic and social development in Southeast Asia.*

This money will serve many purposes:

1. *Approximately \$19 million* will provide the first installment of our contribution to the accelerated development of the Mekong River Basin. This is an important part of the general program of regional development which I outlined at Johns Hopkins University on April 7. This money will enable us to meet a request for half the cost of building the Nam Ngum Dam, which the international Mekong Committee has marked "Top Priority" if the Mekong River is to be put to work for the people of the region. This will be the first Mekong power project to serve two countries, promising power to small industry and lights for thousands of homes in northeast Thailand and Laos. The funds will provide also for—powerlines across the Mekong, linking Laos and Thailand; extensive studies of further hydroelectric, irrigation, and flood control projects on the Mekong main stream and its tributaries; expansion of distribution lines in Laos.

2. *Five million dollars* will be used to support electrification cooperatives near three provincial towns—Long Xuyen, Dalat, and Nha Thang—in South Vietnam. Co-ops, which have been so important to the lives of our rural people, will bring the benefits of low-priced electricity to more than 200,000 Vietnamese. We hope this pattern can be duplicated in towns and villages throughout the region. I will ask that we provide further support if the pattern meets the success we believe possible.

3. *Seven million dollars* will help provide improved medical and surgical services, especially in the more remote areas of Vietnam, Laos, and Thailand. South Vietnam is tragically short of doctors; some 200 civilian

(Continued on page 307)

U.S. AID PROGRAM

(Continued from page 261)

have discussed Eugene Black's mission to Bangkok and the President's belief that the program can succeed only if the initiative comes from Asian leaders.

The Asian members of ECAFE have already displayed considerable initiative, as well as intrigue, in an effort to win approval for their individual capital cities as the site for the headquarters of the Asian bank. A leading contender is Japan which has a strong bargaining point as the largest Asian contributor to the institution. It has already pledged \$200 million to the bank, a share equal to that of the United States. It is the view of Eugene Black, however, that more important than choosing the bank's location is the selection of a capable and dynamic administrator. So far, no candidate has emerged to take the lead in the manner of Jean Monnet and Robert Marjolin in post-world War II Europe.

Meanwhile, two roving commissions based in Bangkok have been travelling around the world seeking financial support for the Asian Development Bank. Most of the countries in Asia desire to assist and cooperate in the new venture; notable exceptions are the Communist states and Indonesia. Non-Asian countries which will be asked to contribute to the bank include France, the Netherlands, the United Kingdom, West Germany and the Soviet Union. The United States will be of more than casual interest to the program if Russia agrees to participate. The U.S.S.R. is not a member of the World Bank and, except for the United Nations Special Projects Fund, it has shunned international aid programs.

The first results of the commissions' tours are so encouraging that in late July, 1965, after visiting only eight countries, it was announced that more than half of the \$1 billion set as the goal for subscription capital had already been pledged.¹⁰ Consequently,

¹⁰ *The New York Times*, July 28, 1965, p. 5.

there was widespread hope that the Asian Development Bank will be in operation by 1966. The members of ECAFE are in the process of completing preliminary work on the bank and, in December, a ministerial-level meeting is scheduled for Manila. There the charter is to be signed and the bank brought into existence, thus giving Asia an institution similar to the Inter-American Development Bank and the African Development Bank.

REGIONAL COOPERATION IN ASIA

Other parts of the underdeveloped world are already several steps ahead of Asia in regional development activities. A great many problems encountered in Asia help to explain the slow pace of progress. For example, there is an extraordinary diversity of culture, race, geography, language and religion in the area stretching from Pakistan to the islands of the Pacific. Political rivalries, also, have divided countries and weakened chances of their working closely together towards a common goal. Despite these handicaps, there is evidence that regional cooperation is beginning to assert itself in Asia's development effort.

The United States has encouraged the growth of cooperative development activities in Asia, but by far the bulk of United States aid is still distributed to countries on a bilateral basis. In Congress there is a traditional aversion to any arrangement that limits its control over the flow and direction of our foreign aid funds. In fact, it has passed a law that strictly curtails the amount of aid that can be directed, without its consent, to international development organizations. Some members of Congress, including Senator William Fulbright (Arkansas), the chairman of the Foreign Relations Committee, feel that the restriction damages the effectiveness of our foreign assistance program and should be abolished. So far, their attempts to liberalize the law have failed.

Several arguments are used to support the "multilateralization" of a larger part of United States foreign aid—at least that part

of it which finances economic development. In the first place, a multilateral organization is primarily concerned about the welfare of the community and has no political or commercial interests of its own to serve. It is also better able than the government of a single country to limit its assistance to projects which are soundly conceived and to supervise carefully their execution. Most important, perhaps, is the fact that a multilateral framework offers much less risk of offending national sensitivity and provoking charges of infringement on the sovereignty of a nation. A greater reliance on multilateral organizations would have the effect of dampening, if not eliminating, some of the causes of resentment between the underdeveloped countries and the United States.

Such an undertaking would not necessarily signal an end to angry outbursts and displays of defiance by leaders of the underdeveloped countries, but at least we might have the satisfaction of saying, as Mark Twain once did to a contentious neighbor: "Why is it that you criticize me so? I cannot for the life of me remember ever having loaned you any money."

The United States has demonstrated a deep and abiding concern for the welfare of Asia not only by increasing the level of its economic assistance, but by channelling a substantial part of it through regional development institutions. These actions can be expected to help advance the long-range objective of United States foreign policy. That objective is to assist in building a world community in which politically independent and economically viable countries live in peace with one another.

INDIA AND PAKISTAN

(Continued from page 270)

desirability, or indeed the imperative necessity, of substantial American economic assistance for some years to come.

To the extent that the United States helps the major countries of South Asia, with more than one-sixth of the world's people, to attain their development goals, it will be furth-

ering American national interests as well. In South Asia, more than in any other part of the underdeveloped world, the United States has an opportunity, by enlightened statesmanship and concrete measures, to promote what the Congress in the Foreign Assistance Act of 1962 declared to be "a primary necessity, opportunity, and responsibility of the United States" and to help "make a historic demonstration that economic growth and political democracy can go hand in hand. . . ."

THE PHILIPPINES

(Continued from page 283)

not accept the American presence and American views without question. It does not like American bases on Philippine soil or the preferential position the Constitution gives American investments, even though it may enjoy the preferential position within the American tariff structure.

In brief, it is thinking for itself and it is making its views known. President Macapagal must respond to these new pressures. Perhaps more significantly and unlike the older generation, which was largely unaware of any world outside its own country and the United States, the new generation is acutely aware of Asia and the tides which are running there. This is not to say that it automatically accepts the Asian outlook, but it is interested and insistent on making up its own mind.

In normal times we should, and doubtless would, welcome this new spirit. But these are not normal times, and the American anxiety, rightly or wrongly, is that the Philippines may come to decisions and views which may affect actions in which we are involved. We may well yet be entering the most difficult period of American-Philippine relations.

THAILAND, LAOS & CAMBODIA

(Continued from page 277)

preoccupation with the war in South Vietnam. In Cambodia, while Prince Sihanouk was not persuaded to identify his nation with the

West, or to withhold recognition of Peking, the failure was due more to unrealistic American expectations and clumsy diplomacy than to the aid program. At least, Cambodia has not yet become a major seat of Communist operations against Thailand and South Vietnam. Thailand's internal security problems are still potentially dangerous, but they are localized. The economic and military vigor which that country has achieved with American help should enable it to cope with these hazards.

The United States has also gained some admittedly expensive experience which has already been of value in the conduct of its foreign relations and assistance activities in this area and elsewhere. Perhaps most significant in the long run are the Thais, Laotians and Cambodians whose competence to deal with their countries' problems has been enhanced through their association with American technicians and aid administrators. They are not only a reservoir of goodwill for the United States—even in Cambodia—but they represent a self-multiplying dividend from the American investment.

BOOK REVIEWS

(Continued from page 302)

did these countries not turn in a similar direction? Why did Germany turn as it did? Not statistics but history must suggest the answer; and Professor Mosse gives us part of it in this account of the rise of the *Volksisch* ideology and the *Volksisch* movement, expressions of attitudes which, developed in the half-century before 1914, laid the groundwork for the ready acceptance of Nazi nonsense.

The movement rose against the disintegrating aspects of modernity: industrialism, urbanism, alienation, class division, and preached a return to the healthy, stable values of an organic society, based on land and leadership, tradition and race. It exalted the peasants and the Germans of old, their purity and physical prowess; it affirmed the unity of a people purged of

alien influences, and its manifest destiny to rule over lesser breeds without the law; it appeared to all to whom a gospel of social and national regeneration would mean a kind of stability they could not by themselves secure; it enlisted a false reading of history against the uncomfortable pressures of reality; and its influences spread in novels, in ponderous tomes with scientific pretensions, in pamphlets and periodicals, and especially in the schools, the student fraternities and the growing youth movement of pre- and postwar years.

No wonder that Nazi appeals came in familiar terms to a public which, saturated in anti-Semitic stereotypes and Aryan ideals, was prepared to heed metaphysical racism, anti-intellectual national-collectivism and, in crisis, welcome Nazism.

Professor Mosse may exaggerate the uses of *Volksisch* ideology as a flight from reality: that it was, but hardly more so than most political creeds (like communism or democracy) which are honored more in the breach than in the observance. But he tells a story which is, in many respects, new, and documents the strange process of a people's stupefaction over the years. His book is well worth reading; and his arguments must henceforth be considered by all students of modern Germany—or of fascist phenomena.

Eugen Weber

University of California, Los Angeles

JOHNSON ON S.E. ASIA AID

(Continued from page 304)

physicians must care for a population of 15 million. In Laos the system of AID-supported village clinics and rural hospitals now reaches more than a million people. But that is not enough. We propose to extend the program in Laos, assist the Thailand Government to expand its public health services to thousands of rural villages, and to organize additional medical and surgical teams for sick and injured civilians in South Vietnam.

Better health is the first fruit of modern science. For the people of these countries it has far too long been an empty promise. I hope that when peace comes our medical assistance can be expanded and made available to the sick and wounded of the area without regard to political commitment.

4. *Approximately \$6 million* will be used to train people for the construction of roads, dams, and other small-scale village projects in Thailand and Laos. In many parts of Asia the chance of the villager for markets, education, and access to public services depends on his getting a road. A nearby water well dramatically lightens the burdens of the farmer's wife. With these tools and skills local people can build their own schools and clinics—blessings only dreamed of before.

5. *Approximately \$45 million* will be used to finance increasing imports of iron and steel, cement, chemicals and pesticides, drugs, trucks, and other essential goods necessary for a growing civilian economy. This money will allow factories not only to continue but, through investment, to expand production of both capital and consumer goods. It will provide materials for urgently needed low-cost

housing. And it will maintain production incentives and avoid inflation. It is not easy for a small country, with a low income, to fight a war on its own soil and at the same time persist in the business of nation-building. The additional import support which I propose will help Vietnam to persevere in this difficult task.

6. *An additional \$7 million* will supplement the present program of agricultural development and support additional government services in all three countries, and will help in the planning of further industrial expansion in the secure areas of Vietnam.

* * *

Much of the additional assistance I request is for Vietnam. This is not a poor and unfavored land. There is water and rich soil and ample natural resources. The people are patient, hard-working, the custodians of a proud and ancient civilization. They have been oppressed not by nature but by man. The failures of man can be redeemed.

* * *

LYNDON B. JOHNSON
THE WHITE HOUSE, June 1, 1965.

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D. G. REDMOND, JR., Publisher

THE MONTH IN REVIEW

A CURRENT HISTORY Chronology covering the most important events of September, 1965, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Arab Summit Conference

Sept. 17—The conference of 12 Arab heads-of-state at Casablanca ends. Arab leaders have signed a "solidarity pact" calling for "a cease-fire in the war of words."

Berlin Crisis

Sept. 24—East Germany grants a 1-day reprieve as the 1-year pass agreement between East Germany and West Berlin expires. Negotiators are scheduled to meet tomorrow but no new agreement is expected.

Disarmament

Sept. 7—A plan put forward by neutral nations at the 17-nation arms reduction conference at Geneva for an uninspected ban on large underground nuclear tests is accepted by the U.S.S.R. and rejected by the U.S.

Sept. 15—Eight neutral nations at the Geneva conference ask an immediate end to all testing of nuclear weapons.

Sept. 16—The 17-nation Geneva conference ends its 8-week session.

Kashmir Dispute

(See also *China*)

Sept. 1—U.N. Secretary-General U Thant appeals to India's Prime Minister Lal Bahadur Shastri and Pakistani President Mohammad Ayub Khan to recall their troops to the 1949 cease-fire line to prevent the "imminent threat of war" in Kashmir.

Indian and Pakistan forces clash in the air and in ground fighting.

Sept. 4—The U.N. Security Council votes unanimously to ask India and Pakistan to

stop the border war in Kashmir and to respect the 1949 cease-fire line.

Sept. 6—The Indian army invades Pakistan.

Sept. 7—The Peking government (Communist China) asserts that India is guilty of "naked aggression" against Pakistan and is intruding on Chinese territory also.

The U.S. suspends shipments of military equipment to India and to Pakistan for the duration of the current fighting. The U.S. decision is not formally announced.

Fighting in India and Pakistan intensifies. Sept. 8—Great Britain bans further shipments of arms to India. No British arms are currently being supplied to Pakistan.

India attacks Pakistan on two fronts over 600 miles apart on the West Pakistan border.

U.S. officials assert that the Johnson administration supports the September 4 Security Council resolutions on the Indian-Pakistani dispute.

Pakistan demands self-determination through a plebiscite for Kashmir, in a letter from President Ayub to the U.N.

Sept. 11—After the conclusion of U Thant's 2-day peace mission in Rawalpindi, a Pakistani Foreign Ministry spokesman lists the following conditions for restoring peace: the complete withdrawal from Kashmir of Indian and Pakistani forces, when a cease-fire takes place; a U.N. force chosen from African and Asian nations to guard Kashmir pending a plebiscite; a plebiscite within 3 months of an effective cease-fire.

Sept. 12—Intense fighting continues.

U Thant begins discussions in New Delhi with Shastri and President Sarvepalli Radhakrishnan.

Sept. 15—Ayub asks the U.S. to use its "enormous influence" to stop the undeclared war between India and Pakistan.

- Sept. 17—U Thant asks the Security Council to act under Article 40 of the U.N. Charter to order India and Pakistan to stop fighting.
- Sept. 20—The Security Council votes 10-0 to order India and Pakistan to observe a cease-fire within 48 hours.
- Sept. 21—India agrees to the U.N. terms for a cease-fire. Hostilities will cease if Pakistan also agrees.
- Sept. 22—Pakistan agrees to observe a cease-fire agreement, but warns it will withdraw from the U.N. if the Kashmir question is not settled.
- Sept. 24—In a speech to parliament Shastri says that Kashmir is "an integral part of India."

Pakistan announces that Pakistani troops are to remain in their present battle positions in Kashmir.

- Sept. 27—The Security Council asks India and Pakistan to honor their cease-fire commitment and to withdraw armed personnel.
- Sept. 28—Pakistan asks the General Assembly to send a U.N. force into Kashmir to replace withdrawing Indian and Pakistani troops, as a preliminary to a plebiscite.
- Sept. 29—Indian Foreign Minister Sardar Swaran Singh terms Pakistan's suggestions of September 28 "completely unacceptable."

North Atlantic Treaty Organization (NATO)

- Sept. 9—French President Charles de Gaulle declares that after 1969, "at the expiration of our present commitments," France will no longer adhere to the concept of an integrated Western defense system. The 20-year-old NATO treaty specifies 1969 as the year for renewal or withdrawal.

After de Gaulle's statement is released, U.S. President Lyndon Johnson calls for a strengthening of NATO for military and political cooperation. The White House declares that the Johnson statement is not intended as an answer to de Gaulle.

- Sept. 29—Canadian Foreign Minister Paul Martin succeeds Belgian Foreign Minister Paul-Henri Spaak as president of the North Atlantic Council.

United Nations

(See also *Kashmir Dispute*)

- Sept. 2—The Maldiv Islands and Singapore ask for membership in the U.N.
- Sept. 10—It is revealed at the U.N. that Pope Paul VI will receive high honors when he visits the U.N. on October 4.
- Sept. 20—Former Yugoslav Foreign Minister Koca Popovic withdraws his candidacy for the presidency of the U.N. General Assembly.
- Sept. 21—The 20th session of the U.N. General Assembly convenes. Italian Foreign Minister Amintore Fanfani is elected president. Three new members are admitted to U.N. membership—Gambia, the Maldiv Islands and Singapore—bringing the total membership to 117.

U Thant calls for an end to war in Vietnam.

- Sept. 22—Károly Csatorday, chief Hungarian delegate to the U.N., is unanimously elected chairman of the political committee of the U.N. General Assembly. He is the first East European to hold the post since 1946.
- Sept. 23—United States Ambassador Arthur J. Goldberg declares that the U.N. must deny membership to Communist China because it is an aggressor nation. He also reveals a U.S. suggestion for arms reduction: the U.S. will transfer 60,000 kilograms of weapons grade U-235 to nonmilitary use if the U.S.S.R. will transfer 40,000 kilograms. He asks for flexible measures to strengthen the U.N.'s capacity for peace keeping.
- Sept. 24—Soviet Foreign Minister Andre Gromyko asks the General Assembly to consider "urgent" a draft treaty to stop the spread of nuclear weapons. He also attacks U.S. "intervention" in Vietnam and in the Dominican Republic.

BOLIVIA

- Sept. 21—After an armed uprising of tin miners, the junta announces a state of siege forbidding public meetings, suspending individual liberties, and entrusting law and order to the armed forces. The revolt

focused on the state-owned Siglo Veinte mine, is reported defeated.

Sept. 22—*Comibol*, the state-run mining corporation, orders the Catavi mine and its Siglo Veinte subsidiary closed after more than 30 deaths and 100 injuries are reported in the mining area.

Sept. 24—The Government orders full resumption of work in the Catavi-Llallagua-Siglo Veinte mine area.

BRITISH COMMONWEALTH

See individual countries listed in alphabetical order)

CANADA

Sept. 7—Prime Minister Lester B. Pearson announces that a general election will be held November 8. Pearson's Liberal party rules with a parliamentary minority of 49 per cent, holding 129 seats in the House of Commons (133 seats constitute a majority).

CEYLON

Sept. 21—The Government presents a Civic Disabilities bill to parliament depriving all persons found guilty of bribery of all civic rights; if passed, it will apply to six politicians recently found so convicted. 90 prima facie cases of bribery are in the hands of the attorney general, under provisions of the Bribery Act passed under the aegis of Dudley Sananayake's government.

CHILE

Sept. 9—The Senate approves the copper "Chileanization" bill providing for the establishment of partnerships between the Chilean government and subsidiaries of the Anaconda Copper Company, Kennecott Copper and the Cerro Corporation, and for government participation in all future mining developments in Chile. The bill, which is supported by President Eduardo Frei Montalva, returns to the Chamber of Deputies for approval of the bill as modified in the Senate.

CHINA, PEOPLE'S REPUBLIC OF

(See also *Tanzania*, *India* and *Intl*, *Kashmir Dispute*)

Sept. 9—*Hsinhua* (Communist Chinese Press agency) announces the election of Ngapo Ngawang Jigme as chairman of the Tibet Autonomous Region, the role once reserved for the Dalai Lama.

Sept. 17—In a note dated September 16, China warns India to dismantle all military installations on or over the Sikkim border within 3 days or suffer "grave consequences." The note also asks India to refrain from further boundary violations, to return kidnapped border inhabitants and livestock, and to pledge an end to further raids.

Sept. 19—China extends the time limit on her ultimatum to India three days. In a note to the Indian Charge d'Affairs in Peking, China says that India has replied to China's September 16 protest, admitting the possibility of Indian military installations on the Chinese side of the frontier. (See also *India*.)

Sept. 21—The New China News agency reports that Indian troops have withdrawn from four passes on the Tibet-Sikkim frontier after demolishing frontier installations.

Sept. 22—Peking asserts that the terms of its ultimatum to India have been met.

Sept. 28—Prince Norodom Sihanouk of Cambodia arrives in Peking for the 16th National Day celebrations.

COLOMBIA

Sept. 1—President Guillermo Leon Valencia names a cabinet. Finance Minister Joaquin Vallejo Arbelaez announces the start of financial reforms to avert what he terms the threat of national bankruptcy. The reforms will be instituted by decree under state-of-seige regulations put into effect during student riots in May, 1965.

Sept. 8—It is reported from Bogota that, after a meeting of 45 of the nation's labor unions, a general strike has been called for October 1.

Sept. 9—92,000 primary and secondary school teachers agree to end a strike that began August 30 over Government failure to pay salaries in arrears.

CONGO, REPUBLIC OF THE (Leopoldville)

Sept. 20—Parliament convenes in Leopoldville for its first session in over 2 years.

CUBA

Sept. 28—Premier Fidel Castro declares that after October 10 Cubans who wish to may join relatives in the U.S.

CZECHOSLOVAKIA

(See *U.S.S.R.*, Sept. 6)

DOMINICAN REPUBLIC

Sept. 1—U.S. President Lyndon Johnson says he is "deeply gratified" that the Dominicans have accepted the peace formula of the Organization of American States.

Sept. 3—Hector Garcia-Godoy takes over as provisional president.

Sept. 4—Garcia-Godoy names 6 cabinet ministers; he will be his own foreign minister, the office he held under former President Juan Bosch in 1963. The autonomy of the armed forces training center, under the command of Elias Wessin y Wessin, is abolished, giving the center the status of an ordinary military installation. General Wessin at one time led the forces fighting against the rebels.

President Johnson recognizes the provisional government and pledges \$20 million in aid.

Sept. 6—President Garcia-Godoy orders the temporary suspension of broadcasts—other than those of the state network and the O.A.S.—emanating from the National District.

Sept. 9—General Wessin leaves to become consul general in Miami, Florida.

Sept. 14—In Miami, Wessin refuses the post of consul general and charges that the U.S. forced him to leave the Dominican Republic.

Sept. 18—Garcia-Godoy confirms that on September 10, without a public announcement, he appointed Francisco Rivera Caminero, a controversial military leader, as a member of his government. Caminero

was secretary of the armed forces under the military-civilian junta that directed the anti-rebel fight.

Sept. 20—70,000 workers of the state sugar corporation are reported to be on strike.

Sept. 25—Former President Juan D. Bosch returns to Santo Domingo; at 3 roadblocks on the approaches to the city, shooting breaks out.

FRANCE

Sept. 1—The government announces the appointment of Hervé Alphand, ambassador to Washington, to the post of secretary general of the foreign ministry; Alphand will be second in influence only to Foreign Minister Maurice Couve de Murville.

Sept. 8—The Cabinet approves a balance budget for 1966 and forwards it to the finance committee of the National Assembly.

Sept. 13—The appointment of Charles Ernest Lucet as French ambassador to the U.S. is approved by the U.S. in Washington.

Sept. 15—A joint communiqué marking the end of Polish Premier Josef Cyrankiewicz's week-long visit comments mildly on the war in Vietnam.

Sept. 23—Finance Minister Valéry Giscard d'Estaing announces reforms in the financial system: banking regulations are to be modified; business loans, mortgages and credits are to be liberalized; new incentives for savings will be offered.

The French Communist party announces support for François Mitterrand, left-wing candidate for the presidency in the elections scheduled for December 5.

Sept. 26—In the elections for 91 senate seats (one-third of the senate), the Gaullists lose 2 seats; the Socialists lose 1; the Democratic Left gains 3; the Popular Republicans gain 4. Results on 4 overseas seats are not yet available.

GERMANY, FEDERAL REPUBLIC OF (West)

Sept. 19—Elections are held for the fifth Bundestag (legislature).

Sept. 20—Chancellor Ludwig Erhard's Christian Union and its Bavarian counterpart, the Christian Social Union, win a combined total of 243 seats in the fifth *Bundestag*, an increase of 1 over the 1961 election figure, and 47.5 per cent of the votes cast; the Free Democrats, who support the chancellor, win 48 seats, a decrease of 19. The opposition Social Democrats, led by West Berlin's Mayor Willy Brandt, win 201 seats, an increase of 11. Elections for 4 seats are postponed until October 3 because of the recent deaths of candidates. Erhard's coalition government will have a reduced but working majority in the *Bundestag*, which will convene October 20 to elect a new chancellor.

GREAT BRITAIN

Sept. 2—Sir Harry Hylton-Foster, Speaker of the House of Commons, dies at the age of 60.

Sept. 7—Representatives of the British Defense Ministry arrive in Paris to consider purchasing French Mirage IV jet bombers instead of American F-111 A's to replace the Royal Air Force's obsolescent Canberras.

Sept. 10—The Bank of England reveals that "new arrangements" have been made with 10 nations including the United States to help strengthen the pound sterling. French President Charles de Gaulle refuses to join in the support plan.

Sept. 16—The ministry on economic affairs makes public its national plan for the years 1966–1970, aiming at a 27 per cent increase in the gross national product.

The government rejects the Soviet protest against West German troop use of the guided missile range at South Uist.

Sept. 21—Foreign Secretary Michael Stewart ends a 5-day visit to Warsaw after making a formal statement that the Polish-British talks have contributed to a better understanding. Stewart is the first British foreign secretary to visit in Poland since 1947.

Sept. 22—Opening the Liberal party's annual assembly, Jo Grimond notes that because

of the Labour party's slim majority of two, the Liberals "are in a position of power"; he warns that the Labour program in the next parliamentary session must suit the Liberals or a general election may be forced. The Liberals hold 10 parliamentary seats.

BRITISH TERRITORIES

Aden

Sept. 25—Britain suspends the Legislative Council and the Council of Ministers; with the constitution suspended, Britain will rule Aden as a Crown Colony, under High Commissioner Sir Richard Turnbull. The action is taken in the wake of a rising tide of so-called Nasserite terrorism.

Sept. 28—The Aden Trades Union Congress calls a 24-hour general strike to begin October 2.

Sept. 29—The dusk-to-dawn curfew imposed after the suspension of the constitution is lifted from all parts of Aden. Aden has been in a state of emergency for 21 months.

Mauritius

Sept. 7—A constitutional conference opens in London to discuss the future of the island colony 550 miles east of Madagascar. Sir Seewoosagur Ramgoolam, Premier of Mauritius, asks for independence within the Commonwealth; opposition groups demand the continuation of the present association, or a referendum.

Sept. 24—At the close of the constitutional conference, Colonial Secretary Anthony Greenwood announces that Britain will grant independence to Mauritius, probably by the end of 1966.

Rhodesia

Sept. 8—External Affairs Minister Clifford Dupont tells parliament that Rhodesia plans to appoint independent diplomatic representatives to Portugal and any other country that will accept them, despite British objections.

Sept. 15—Portugal welcomes an "accredited diplomatic representative of Rhodesia and chief of mission."

- Sept. 17—Parliament adjourns until February 22, 1966.
- Sept. 19—Prime Minister Ian Smith warns that he "cannot go on much longer leaving the people of Rhodesia and the future of Rhodesia hanging in suspense."
- Sept. 27—J. B. Johnston, British High Commissioner in Rhodesia, leaves Salisbury for talks in London on Rhodesia's demands for independence.

GREECE

- Sept. 3—The Crown Council, called to find a solution to the 7-week-long government crisis, ends in deadlock. King Constantine and former Premier George Papandreou have disagreed on Papandreou's efforts to purge alleged right-wing elements of the army; because of this disagreement Papandreou resigned as premier July 15.
- Sept. 8—Papandreou and Panayotis Canellopoulos, leader of the major opposition party, the National Radical Union, fail to reach an agreement on a general election.
- Sept. 17—Center Union leader Stephanos Stephanopoulos forms a 19-man cabinet he describes as "a Government of national emergency."
- Sept. 18—Premier Stephanopoulos warns that no election will be called until political agitation subsides.
- Sept. 24—Parliament gives Stephanopoulos and his government a vote of confidence. He requested such a vote September 22.

HUNGARY

- Sept. 20—Premier Gyula Kallai confers in the U.S.S.R. with the Soviet premier, Aleksei Kosygin.

INDIA

- (See also *Int'l, Kashmir Dispute* and *Indonesia*)
- Sept. 17—India replies to China's ultimatum, declaring that India has no objection to joint Chinese-Indian inspection of the Sikkim-Tibet border. (See also *China, Peoples Republic*.)

- Sept. 21—As Chinese and Indian troops exchange fire, India sends a note protesting Chinese acts of "provocation" and "aggression" to the Chinese embassy in New Delhi.
- Sept. 24—It is reported from New Delhi that 86 Indian parliamentarians have signed a letter to Prime Minister Lal Bahadur Shastri asking that he order the manufacture of atomic bombs because of "collusion" between China and Pakistan.

INDONESIA

- Sept. 7—Some 4,000 Indonesians stone the U.S. consulate in Surabaya, East Java, in a 24-hour protest demanding the expulsion of the consul, Allan F. MacLean, Jr.
- Sept. 9—Leftist demonstrators in Jakarta sack the Indian embassy; the Indonesian government apologizes but notes appreciation of the youthful "condemnation of India's aggression against Pakistan."
- Sept. 11—Some 10,000 Indian students stone the Indonesian embassy in New Delhi to protest Indonesia's support for Pakistan.
- Sept. 21—It is announced in Jakarta that the Government has taken over supervision of all Indian trade interests and shops.
- Sept. 22—The Government bans the anti Communist Murba party.
- Sept. 30—It is reported from Jakarta that a "revolutionary council" has taken control of the Indonesian government to block an alleged coup.

IRAQ

- Sept. 6—A 17-man cabinet is formed with Arif Abdel Razzak, commander of the Iraqi Air Force, as premier, following the resignation of Premier Taher Yahya, premier since November, 1963.
- Sept. 16—After an unsuccessful coup yesterday, reportedly led by pro-Cairo sympathizers including Premier Razzak, Razzak arrives in Baghdad. The attempted coup occurred while President Arif was in Casa blanca at the conference of Arab heads-of-state.
- Sept. 21—It is announced in Baghdad that Abdul Rahman al-Bazzaz will succeed

Razzak as premier; Bazzaz was deputy prime minister, foreign minister and acting minister for oil in the Razzak cabinet.

ISRAEL

Sept. 2—A five-member court of the Mapai party rules that former Premier David Ben-Gurion and his colleagues have expelled themselves from the Mapai party by forming a separate party. Ben-Gurion accepts the court's ruling.

Sept. 5—After blowing up 11 water pumps in Jordanian territory, Israeli soldiers warn Jordanians to stop committing acts of sabotage inside Israel.

ITALY

Sept. 24—President Giuseppe Saragat returns to Rome after a tour of South America.

KENYA

Sept. 1—President Jomo Kenyatta dissolves the Kenya Federation of Labor and the Kenya African Workers Congress and freezes their assets, following a riot August 30 between the two groups in which almost 100 persons were injured and three were killed. Because of friction between the opposing labor groups, there has been a ban on union public meetings and demonstrations since June 25. Kenyatta reveals that the government plans elections for a new labor organization, to be known as the Central Organization of Trade Unions.

KOREA, REPUBLIC OF

Sept. 4—The Government orders two major Seoul private universities—Korea and Yonsei—closed for failure to punish faculty and students taking part in anti-Government demonstrations. All other colleges and universities in Seoul have expelled or suspended demonstration leaders—a total of 89 persons.

Sept. 13—The National Assembly votes to reject the resignation of 53 legislators who resigned Aug. 12 as a protest against the Korean-Japanese treaty of friendship. The

assembly has been recessed since September 4 because of the resignations, which do not take effect unless approved by the legislature. Of the 61 who tendered resignations, 8 lost their seats when they also resigned from the Popular party.

Sept. 20—About 5,000 South Korean marines complete preparations to leave for South Vietnam as the first contingent of 15,000 men to be sent to fight the Vietcong.

The government lifts its order shutting down the two major universities closed since September 4.

LAOS

Sept. 6—Premier Souvanna Phouma presents his new cabinet to the National Assembly; the pro-Communist Pathet Lao is offered four of the 15 posts.

MALAWI

Sept. 17—Prime Minister Hastings Banda returns from a 3-day state visit to Malagasy.

Sept. 18—Banda criticizes Tanzanian President Julius Nyerere for detaining 10 Malawians without trial since last October. The men, members of the Malawi Brotherhood Society, have returned to Malawi.

MALAYSIA, FEDERATION OF

Sept. 16—The Government sends a note to the government of Singapore protesting Singapore Prime Minister Lee Kuan Yew's "disparaging remarks and unwarranted accusations" against Malaysia's leaders.

Sept. 19—Tunku Abdul Rahman, prime minister, has recalled the Malaysian high commissioner to Singapore to Kuala Lumpur for consultations, according to a report from Kuala Lumpur.

Sept. 21—The Sultan of Trengganu is installed as Yang di Pertuan Agong of Malaysia, supreme head of state; the Sultan of Kedah is sworn in as his deputy. Both have been elected for 5-year terms by the other Malay rulers.

NORWAY

Sept. 14—After a rule over most of two decades, Labor party Premier Einar Ger-

harden is ousted from office in elections for the *Storting* (parliament).

Sept. 24—Per Borten, leader of the Center party, is named premier.

PAKISTAN

(See *Intl, Kashmir Dispute*, and *U.S. Foreign Policy*, September 21)

PANAMA

(See *U.S. Foreign Policy*, September 24)

PERU

Sept. 1—For the third time, President Fernando Belaunde Terry suspends constitutional guarantees for 30 days because of Communist guerrilla attacks on government troops in the Andes country, 200 miles east of Lima.

Sept. 11—It is reported from Lima that the army has opened a major drive against guerrillas in the southern Andes.

Sept. 13—Because the Opposition-dominated congress continues to attack alleged inadequacies in the administration's dealing with Communist guerrillas, Premier Fernando Schwalb López Aldana and his cabinet resign. The *Apra* and *Odrista* parties make up the Opposition.

Sept. 15—President Belaunde Terry swears in a new cabinet, led by Daniel Becerra de la Flor as premier. The new ministers, except for three from the armed forces, are drawn from the ruling Popular Action party and its small ally, the Christian Democratic party.

Sept. 19—Peruvian air force planes are reported in action against a suspected Communist guerrilla concentration in the Mesa Pelada highlands.

POLAND

Sept. 6—The Government announces across-the-board increases in the prices it pays for grain; higher open market prices have led peasants to withhold grain from the government.

Sept. 9—Premier Jozef Cyrankiewicz arrives in Paris to meet with French President Charles de Gaulle. (See also *France*.)

Sept. 20—Cyrankiewicz leaves for Vienna for a 3-day official visit, the first top-level Polish visit to Austria since World War II.

RUMANIA

Sept. 4—Nicolae Ceausecu, general secretary of the Rumanian Communist party, meet with U.S.S.R. First Secretary Leonid I Brezhnev in Moscow; this is the first Russian visit from a top party leader of Rumania since 1961.

SINGAPORE

Sept. 3—Prime Minister Lee Kuan Yew confers with U.S. Ambassador to Malaysia James D. Bell for the first time since Lee charged the U.S. C.I.A. with improper activities in Singapore in 1960. (See also *U.S., Foreign Policy*, Sept. 1.)

Sept. 15—Prime Minister Lee warns that if the Malaysian government replaces British defense forces in Malaysia with Americans, he will "certainly consider offering Singapore as a base to the Russians."

SYRIA

Sept. 2—The new provisional legislature reelects Lieutenant General Amin el Hafez chairman of the presidency council, the supreme executive authority in Syria. Major General Salam Jadid, chief-of-staff and a member of the council until now, is excluded.

Sept. 6—President el Hafez names Mohammed Shneiwi as chief-of-staff, replacing Major General Salam Jadid.

Sept. 23—Yousif Zeayen becomes prime minister, replacing Amin el Hafez. The change is necessitated by a constitutional measure setting up a new presidency and national council.

TANZANIA

Sept. 19—President Julius Nyerere declares that Tanzania will leave the Commonwealth if Britain grants Rhodesia independence while it is ruled by a white minority.

Sept. 20—Britain and Canada agree to share the costs of a comprehensive survey for a thousand-mile railway line between Zambia's copper belt and Dar es Salaam in Tanzania, provided a Chinese Communist survey team leaves within 40 days.

Sept. 21—Nyerere confirms the fact that China has offered to pay to construct the proposed Zambia-Tanzania railroad link.

The general election is held.

Sept. 27—Zambia's President Kenneth Kaunda, arriving for a conference in Dar es Salaam with Nyerere, says that the U.S., Britain, West Germany, France and China have been formally invited to help finance the Zambia-Tanzania railroad link.

Sept. 30—President Nyerere wins another 5-year term, with a vote of 2,519,866 for and 92,359 against him; his cabinet is reshuffled following the September 21 election.

U.S.S.R.

Sept. 6—Leonid I. Brezhnev, First Secretary of the Communist party, confers with Czech President Antonin Novotny in Moscow.

Sept. 9—In a signed, 5,000 word article, the editor of *Pravda* (Communist party organ) charges that *Izvestia* (official government paper) holds a "preconceived one-sided attitude" toward nonconformist authors.

Sept. 14—Brezhnev reveals that Eastern European nations plan to strengthen the Warsaw Pact military alliance. No details are given.

Sept. 17—Walter Ulbricht, East German Communist party leader, arrives for conferences in Moscow.

Sept. 21—It is reported in Moscow that Mikhail Zimyanin, a deputy foreign minister, has been appointed chief editor of *Pravda*, replacing Alexei Rumyantsev.

Sept. 23—*Pravda* (Communist party newspaper) expresses concern over the movement and concentration of Chinese Communist troops on the Indian border.

Sept. 24—At a Soviet-East German friendship rally, Soviet Communist party leader Leonid I. Brezhnev calls again for a non-

aggression pact between the Warsaw and the NATO powers.

Sept. 27—In a speech to the plenary session of the Central Committee of the Soviet Communist party, Premier Kosygin announces reforms in the Soviet industrial administration. Economic incentives, in the form of flexible prices, profits, credits and bonuses, are included.

UNITED ARAB REPUBLIC

Sept. 1—President Gamal Abdel Nasser stops in Belgrade to confer with Yugoslav President Tito on his way home from a visit to the U.S.S.R.

Sept. 29—Egyptian Prime Minister Aly Sabry and his council of ministers resign; their resignations would normally have been tendered after Nasser's reelection in March, 1965.

Zakaria Mohieddin, a vice-president, is asked to form a new cabinet.

UNITED STATES

Civil Rights and Segregation

(See also *Government*, Sept. 13)

Sept. 2—Some 650 armed national guard troops are ordered to Natchez, Mississippi, by Governor Paul B. Johnson, Jr. Natchez' Major John J. Nossor and the Board of Aldermen have rejected 12 demands made by Negro leaders to improve social and economic conditions of Negroes in Natchez, following a bombing attack last week on the local president of the N.A.A.C.P. Negro leaders call off a protest march because "tension is too high."

President Johnson approves a \$29 million appropriation for 45 individual and community self-help projects for Los Angeles.

Sept. 3—Without incident, 19 Negro youngsters register to attend three formerly all-white schools in Selma, Alabama.

Sept. 6—Some 650 national guardsmen leave Natchez.

Sept. 15—The N.A.A.C.P. files "complaints against the United States Steel Corporation and the United Steelworkers of America"

for racial discrimination in the steel industry in Birmingham, Alabama.

Sept. 30—In Hayneville, Alabama, an all-white jury acquits Tom L. Coleman of first-degree manslaughter in the August 20 murder of seminary student Jonathan Daniels.

Economy

Sept. 9—The chairman of the President's Council of Economic Advisors, Gardner Ackley, in a speech in Philadelphia, declares that all indicators point to "an economy that will be expanding throughout the balance of 1965 and all of 1966."

Foreign Policy

Sept. 1—After denial yesterday of a charge by Singapore Prime Minister Lee Kuan Yew that a C.I.A. agent attempted to bribe him to conceal an unsuccessful C.I.A. operation, the State Department retracts the denial. Lee has produced a letter from Secretary of State Dean Rusk, dated April 15, 1961, apologizing for the attempted bribery.

Sept. 4—The Assistant Secretary of State for Inter-American Affairs, Jack Hood Vaughn, ends a two-week tour of Latin America to observe the Alliance for Progress in action.

Sept. 13—President Johnson announces that a 7-man commercial trade mission will leave within a few days for Poland and Rumania.

Sept. 15—In a speech published in *The Congressional Record*, Democratic Senator J. W. Fulbright (Arkansas) criticizes continuing U.S. intervention in the Dominican Republic.

Sept. 19—The White House reveals that the President and Pope Paul VI have arranged to meet in New York October 4, during the Pope's one-day visit to the U.N.

Sept. 21—The U.S. Information Agency building in Karachi is set afire by thousands of Pakistanis demonstrating against the U.N. cease-fire resolution.

Sept. 23—In a statement published in Pre-

toria, South Africa, the State Department announces that, despite an informal request for their removal by South African Prime Minister Hendrick Verwoerd, four U.S. senior diplomats will remain at their South African posts.

Ellsworth Bunker, chief peacemaker in the Dominican civil war, leaves Santo Domingo; he is to report to the O.A.S. Foreign Ministers in Washington September 24.

Sept. 24—President Johnson announces that a general agreement has been reached with Panama on a new treaty which will "effectively recognize" Panama's sovereignty over the Canal Zone.

Government

Sept. 1—The President announces that General Maxwell D. Taylor has been chosen as a special presidential consultant on diplomatic and military affairs; Taylor has recently resigned as ambassador to South Vietnam.

Sept. 2—President Johnson signs into law the authorization of the construction of the Auburn dam on the American River in California.

Sept. 6—The President signs a bill providing for the establishment of a library in Austin, Texas, to maintain his official papers after his official term ends.

President Johnson signs a measure authorizing \$3.3 billion in funds to carry the foreign aid program through June 30, 1966.

The President reveals plans to nominate Richard H. Davis as ambassador to Rumania and John H. Burns as ambassador to Tanzania. Both nominees are Foreign Service career officers.

Sept. 7—After passage in the House of Representatives, a bill goes to the White House providing Secret Service protection for the wife and children of a President for 4 years after his death. Lifetime protection for ex-Presidents and their wives is included.

Sept. 8—The President asks Congress for \$393.3 million for public works and development programs for depressed areas the programs have already been approved.

Sept. 9—A law establishing a Department of

Housing and Urban Affairs is signed by the President.

Sept. 10—The Senate confirms Postmaster General John A. Gronouski as ambassador to Poland.

Sept. 13—Secretary of Health, Education and Welfare John Gardner tells a cabinet meeting that 80 school districts have not taken steps to comply with the nondiscrimination provisions of the Civil Rights Act of 1964. These districts, all of which are in Southern or Border states, cannot receive federal funds for education until they file acceptable plans for desegregation.

Sept. 15—Horace Busby and Richard Goodwin, White House aides, resign.

Sept. 18—The President signs a revised \$1.7 billion military construction bill.

Sept. 21—The White House receives legislation authorizing a \$1.32 billion federal-state program to combat water pollution.

Sept. 22—The President signs 2 bills intended to combat crime: one provides \$1.5 million to finance national and District of Columbia commissions on law enforcement and justice administration; the other provides federal aid for improvement in law enforcement methods, court administration and prison operations by state, local and private agencies.

Sept. 24—Acting on the recommendation of Vice-President Hubert Humphrey, the President orders the reorganization of the administration of federal civil rights programs, to achieve greater coordination.

The Senate votes 46 to 22 on a bill authorizing \$1.8 billion to continue the war on poverty and sends the bill to the White House.

The President names William H. Stewart as his choice for Surgeon General.

Sept. 30—The President signs the High Speed Ground Transportation bill; he announces that the Pennsylvania Railroad will begin testing experimental, 125-mile an hour trains between New York and Washington within a year.

The President receives a new, liberalized Immigration bill, after it passes 320-69 in the House and by voice vote in the

Senate. Total immigration will rise about 50,000 a year when existing quotas expire in three years. A Latin American quota becomes effective in 1968.

Labor

Sept. 3—"Essential agreement" on a new steel contract is announced by President Johnson.

Sept. 5—The United Steelworkers of America approve an almost 3-year contract for the basic steel industry. Higher wages, pensions, insurance and other benefits eventually reaching 47.3 cents an hour are provided for some 350,000 steelworkers. Ten major steel companies have approved the contract.

Sept. 16—The Newspaper Guild of New York strikes *The New York Times* because of disagreement on the terms of a new contract.

Sept. 17—All major New York City newspapers except the *New York Post* suspend publication because of the strike against *The New York Times*. These newspapers are represented by the Publishers Association of New York City.

Sept. 27—The New York *Herald Tribune* resumes publication; it withdrew from the Publishers Association September 25.

Military

Sept. 1—The Marine Corps declares that its recruit training program is being reduced from 12 weeks to 8.

Sept. 2—The White House announces that more than 100 servicemen a day are volunteering for duty in Vietnam.

Sept. 11—Vice Admiral Hyman G. Rickover is notified by Secretary of the Navy Paul H. Nitze that he has received a 2-year extension of active duty; otherwise, at 68, he would have been retired early in 1966.

Sept. 17—Defense Secretary Robert S. McNamara announces plans to hire 60,000 civilians to relieve 75,000 noncombatant uniformed men overseas and thus to cut draft calls in the next 18 months.

Sept. 20—A civilian, Neil Armstrong, and Major David Scott of the U.S. Air Force,

are named to make a 2-day flight in the space craft Gemini 8. Armstrong is the first civilian ever named for a space flight crew.

It is reported by the New China news agency that China has shot down a U.S. fighter aircraft off Hainan Island and has captured the pilot.

Sept. 22—It is reported from Saigon that about 2 weeks ago General William C. Westmoreland, U.S. military commander in Saigon, requested permission to use tear gas if its application would be more humane than use of other weapons. No reply has been reported.

Sept. 30—The Defense Department awards a \$2 billion contract to Lockheed Aircraft to build 58 C-5A jet transport planes each capable of carrying hundreds of troops or 50 tons of supplies nonstop across the Pacific Ocean.

Defense Secretary Robert McNamara disbands 751 army reserve units of some 55,000 men, including 6 divisions, and opens a training program for 982 units, mostly from the national guard.

Politics

Sept. 14—Controller Abraham D. Beame wins the Democratic party's mayoral nomination in New York City, defeating Council President Paul R. Screvane who was supported by Mayor Robert Wagner.

Segregation

(See *Civil Rights*)

VATICAN

Sept. 8—The Vatican Press Office announces that Pope Paul VI will fly to New York to address the U.N. October 4 and return to Rome the same day.

Sept. 11—In the third encyclical of his reign, the Pope asks for orthodoxy in teaching about the Holy Eucharist.

Sept. 14—The fourth and final session of Ecumenical Council Vatican II opens. Pope Paul VI reveals plans to set up a synod of bishops from around the world to consult and collaborate with him in governing the Church.

Sept. 21—After Pope Paul VI calls for a vote the draft declaration on religious liberty is overwhelmingly approved by delegates to the Vatican council. According to the draft declaration, no one may be forced to act against his conscience or prevented from following its leading except if his action would infringe on public morality, order or the rights of others.

VIETNAM

Sept. 4—It is reported from Saigon that a land-reform program will be promulgated September 6, in an attempt to distribute land to the Vietnamese. Some 225 thousand hectares of land (a hectare is 2.47 acres) formerly owned by the French will be sold to tenants; payments for the land based on crop yields, will be made over a 12-year period. Some 305 thousand hectares of communally-owned land will be restored to renters at low rents.

Sept. 8—U.S. military headquarters in Saigon reveal that the total of American service men in Vietnam has reached about 108,000. Since 1961, the total number of Americans killed in Vietnam is about 650.

The Government announces a set of decrees setting up military zones and giving Premier Nguyen Cao Ky sweeping powers.

Sept. 20—The ministry of agriculture announces a decision to forbid landlords to collect back rent from farm tenants in areas freed from Vietcong rule.

YUGOSLAVIA

Sept. 23—President Tito arrives in Sofia, Bulgaria, for a 5-day state visit, the first he has made to Bulgaria since 1947.

Sept. 27—Tito returns to Belgrade after visiting every Soviet bloc capital.

Sept. 28—It is announced that Tito is ill with influenza.

ZAMBIA

(See *Tanzania*, Sept. 27)

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